

INDIVIDUAL SEPARATE FINANCIAL STATEMENTS AT 30.06. 2023

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BIANNUAL REPORT

**FOR SEMESTER I 2023, IN COMPLIANCE WITH THE ASF
REGULATION NO. 5/2018 (appendix no. 14 from the regulation)**

DATE OF THE REPORT: 9th of August 2023

NAME OF THE TRADING COMPANY: ŞANTIERUL NAVAL ORŞOVA S.A

**HEADQUARTERS: NO. 4 TUFĂRI STREET, ORŞOVA TOWN, 225200 MEHEDINŢI
COUNTY**

PHONE: 0252/362399; FAX: 0252/360648

REGISTRATION CODE FOR VAT PURPOSES: RO1614734

NUMBER IN THE TRADE REGISTER: J25/150/1991

SHARE CAPITAL ISSUED AND PAID UP: 28.557.297,5 LEI

NUMBER OF SHARES: 11.422.919 common shares, each of 2,5 lei;

**REGULATED MARKET WHERE THE REAL ESTATE VALUES ISSUED ARE
TRANSACTIONED: STOCK EXCHANGE BUCHAREST (symbol: SNO)**

**MAIN PROPERTIES OF THE REAL ESTATE VALUES ISSUED BY THE ISSUER:
NEGOTIABLE ON THE STOCK MARKET**



1. IMPORTANT EVENTS THAT OCCURRED IN THE FIRST 6 MONTHS, AS WELL AS THE MAIN RISKS AND UNCERTAINTIES FOR THE NEXT 6 MONTHS OF 2023. IMPLICATIONS OF THE CONFLICT BETWEEN RUSSIA AND UKRAINE ON THE HALF-YEARLY FINANCIAL RESULTS. RELATED PARTY TRANSACTIONS.

Orşova Shipyard Company carried out its production activity from the main headquarters and the service activity from the Agigea branch, during the first semester of 2023, without interruptions and in accordance with the provisions and objectives established by the income and expenditure budget for this period.

This semester, 3 ships were completed and delivered to foreign partners, namely two 110 m tanks and one 86 m tanker.

The turnover registered a decrease of 26.37% compared to the provisions of BVC, but registered an increase of 83.52% compared to the corresponding period of last year.

As in previous years, revenues were mainly made on account of ship production from Orsova, namely 86.04%. The services (repairs), whose volume was close to the previous period, holding a share of 9.46%, were mainly performed at the Agigea branch. The salt mines belonging to the patrimony of the Agigea branch and which, in previous years, represented the main source of income of the branch, were partially leased in the semester. I 2023 on the domestic market, respectively two salt flats, starting with May 2023.

The value – in absolute figures – of the 3 ships delivered externally was 7,704,953 Euro (in the corresponding period of 2022, a number of 2 hulls worth 3,870,986 Euro were delivered, built at the main headquarters).

Regarding the result of the company's activity, at the end of the reporting period the company registered profit, but compared to the provisions of BVC, both operating profit and gross profit were achieved below the budgeted level.

By cost centers the situation is as follows:

- at the main office, the gross profit registered on 30.06.2023 was 210,145 lei, while in the corresponding period of last year, a gross loss of 1,958,853 lei was achieved;
- on 30.06.2023, Agigea branch registered a gross profit of 387,833 lei, while in the corresponding period of last year it recorded a loss of 506,226 lei;

Regarding the existence of factors that have exerted and exert a negative influence on the activity, we recall:

- Increasing prices for raw materials, materials, energy and technical gas;
- External factors with geopolitical implications, namely the armed conflict in Ukraine, which also led to the loss of raw material suppliers;
- Lack of qualified workforce; Although the company managed by offering adequate salary packages to attract workforce in the field of shipbuilding, however, at the level of the production departments, there is still a lack of experienced people, which represented and represents an inconvenience in carrying out the company's activity. This shortage of workforce is also the result of the fact that through the legislative changes in the field of pensions, retirement conditions have been created for some categories of employees with seniority. At the same time, the company is also facing the phenomenon of aging workforce, about 52% of all employees over 50 years old. There is still a permanent concern within the human resources department of the company to

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overcome this situation. Even in these conditions, a high quality level of delivered vessels was ensured, at the level of requirements required by external partners;

- Working at the main office in open spaces (under the open sky) for most of the year and, therefore, dependence on adverse weather conditions have greatly influenced labor productivity;

The geopolitical context caused by the existing conflict between Russia and Ukraine did not have a material negative impact on the condensed individual interim financial statements as at June 30, 2023.

In view of the current circumstances surrounding the armed conflict in Ukraine, based on the information available to it, the company considers that there are no significant uncertainties, in accordance with paragraph 25 of IAS 1, for the continuation of the business and there are no indications of impairment of assets held in accordance with IAS 36.

During the period analyzed there were no transactions with the affiliated parties.

II. DETAILED INFORMATION CONCERNING:**1. THE ECONOMICAL AND FINANCIAL SITUATION****a) Balance sheet elements at 30.06.2023**

The assets, capitals and debts at 30.06.2023, in comparison to the same period of the previous year, are thus:

	No.	Sold at		INCREASE/DECREASE VARIATION SEM. I 2023/ SEM. I 2022 (%)
		30.06.2023	30.06.2022	
A	row	1	2	3
FIXED ASSETS				
I. TANGIBLE ASSETS	01	37.419.247	39.472.125	(5,20)
II. INTANGIBLE ASSETS	02	86.177	17.495	392,58
III. FINANCIAL ASSETS	03	6.000	10.258	(41,51)
IV. USE RIGHTS OF LEASING ASSETS	04	780.146	1.276.333	(38,88)
V. REAL-ESTATE INVESTMENTS	05	596.638	593.773	0,48
FIXED ASSETS-TOTAL (row.01 to 05)	06	38.888.208	41.369.984	(6,00)
CURRENT ASSETS				
I. FUNDS	07	43.165.219	50.132.232	(13,90)
II. DEBTS	08	12.438.413	19.032.052	(34,64)
III. SHORT-TERM FINANCIAL INVESTMENTS	09	5.491.442	2.484.100	121,06
IV. CASH AND ACCOUNTS AT BANKS	10	5.883.710	9.924.363	(40,71)
CURRENT ASSETS - TOTAL (row.07 to 10)	11	66.978.784	81.572.747	(17,89)
ADVANCED EXPENSES	12	385.908	450.387	(14,32)
DEBTS WHICH MUST BE PAID WITHIN ONE YEAR	13	22.928.202	31.239.364	(26,60)

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CURRENT NET ASSETS/CURRENT NET DEBTS (row.11 +12-13 - 18)		14	44.434.827	50.624.047	(12,23)
TOTAL ASSETS MINUS CURRENT DEBTS (row.06 +14)		15	83.323.035	91.994.031	(9,43)
DEBTS WHICH MUST BE PAID IN MORE THAN A YEAR		16	4.148.356	5.011.531	(17,22)
COMMISSIONS		17	575.934	643.164	(10,45)
ADVANCE INCOME		18	1.663	159.723	(98,96)
CAPITAL AND RESERVES					
I CAPITAL (row 20 to 22) out of which:		19	24.651.234	24.326.094	1,34
-subscribed and paid capital	Sold	20	28.557.298	28.557.298	-
-other elements of the capital (ct.103)	Sold C	21			
	Sold D	22	3.906.064	4.231.204	(7,68)
II. CAPITAL PREMIUMS		23	8.862.843	8.862.843	-
III. RESERVES FROM REEVALUATION		24	29.304.680	30.246.300	(3,11)
IV. RESERVES (ct.1061+1063+1068)		25	18.596.499	24.650.646	(24,56)
V. REPORTED RESULT, EXCEPT FOR THE REPORTED RESULT COMING FROM THE FIRST APPLICATION OF THE IAS 29 (CT.117)	SOLD C	26	-	787.584	-
	SOLD D	27	3.322.897	-	-
VII. PROFIT OR LOSS AT THE END OF THE REPORTING PERIOD (CT.121)	SOLD C	28	506.386	-	-
	SOLD D	29	-	2.534.131	-
Profit allocation		30	-	-	-
OWN CAPITALS - TOTAL (row. 19+23+24+25+26-27+28-29-30)		31	78.598.745	86.339.336	(8,97)
Public assets (ct.1026)		32			
CAPITALS – TOTAL (row.30+31)		33	78.598.745	86.339.336	(8,97)

The following conclusions can be drawn from the above data:

- Non-current assets decreased by 6.00% overall.

In structure, tangible assets decreased by 5.20% mainly due to depreciation of assets and intangible assets increased by 392.58% following the acquisition of new IT software;

- Current assets decreased by 17.89% overall.

- Advance expenses decreased by 14.32%, (in 2022 expenses with certification of salads were also made by the branch);

- Debts with a payment term of up to one year register a significant decrease by 26.60%, mainly due to the reduction of commercial debts. Liabilities payable over a period of more than one year also decreased by 17.22% and relate to deferred tax arising from the revaluation of property, plant and equipment and liabilities related to rights to use leased assets in accordance with IFRS 16;

- On the total company, equity registers a decrease of 8.97% compared to the corresponding period of 2022. In the structure, there is a decrease of revaluation reserves by 3.11% (the company carried out the revaluation of two groups of assets at the end of last year, with a decrease from revaluation recorded), and also a decrease of 24.56% of other reserves due to the distribution, at the end of 2022, of gross dividend of RON 0.53 / share, respectively from the profit reconstituted by passing the amount from the balance on 31.12.2021 of the "Other reserves" account to the dividend account, as a result of the return to the distribution approved by the OGMS in previous years of the net profit;

Following the above, the total asset/liability at the end of the first semester of 2023 recorded a decrease compared to the corresponding period of last year, respectively from RON 123,393,118 on 30.06.2022 to RON 106,252,900, on 30.06.2023.

Further information on assets, liabilities and equity can be found in the Notes to the condensed separate interim financial statements ended on 30.06.2023, attached to this report.

b) Profit and loss account

The operational incomes for the first 6 months amounted 44.225.224 lei (on 30.06.2022 they were amounting 24.310.226 lei), having the following structure:

- Sales of goods (constructions and ship bodies)	38.052.483 lei
- Rendering of services	4.555.449 lei
- Income from rentals	986.554 lei
- Other operational incomes	630.738 lei

Compared to the previous year, there was an increase in operating income by 81.92%, while related expenses increased by 62.83%. Thus, at the end of the reporting period, the company registers profit from operational activity.

The gross profit on 30.06.2023, in the total amount of 597,978 lei, in the structure is as follows:

- 374.021 lei Loss from the operation activity
- 223.957 lei Profit from the fiscal activity

Compared to the provisions of BVC, it can be found that although operating revenues were achieved in proportion of 73.77%, gross profit from operating activity was achieved in proportion of 14.13%. The failure to achieve the budgeted revenues was due to the delay in delivery terms for two new shipbuilders (the delays recorded being independent of the company and were due, on the one hand, to customers who provided late technical documentation, but also to the raw material supplier, who delivered late part of the ordered parts). Operating expenses exceeded the budgeted level, a significant influence being due both to increases in prices for raw materials and materials, but also to the increase in other expenses with external providers. In terms of branch activity, revenues from ship repair activity were close to the level achieved in the first half of 2022. Starting with May 2023, for a period of 6 months - with the possibility of extension, there were found, pateners for the exploitation of two salandas, which led to additional rental income and thus covering operating expenses, respectively the registration by the branch, on 30.06.2023, of profit in the gross amount of 387,833 lei.

In terms of the company's financial activity, the company made a profit that exceeded both the budgeted level and the one achieved in the similar period of 2022. More than 80% of the

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company's revenues are expressed in euros, and come from deliveries of ships in the intra-Community space. This determined that the company was permanently exposed to currency risk (leu/euro parity). In the first half of 2023, this parity was fluctuating, and in order to protect itself against currency depreciation, the company entered into hedging transactions. Exchange rate gains were recorded both from the revaluation of foreign currency availabilities and from hedging transactions. Thus, from the financial activity there is a profit of 223,957 lei (in the previous year there was a profit of 154,586 lei).

In the table below, the outputs as of 30.06.2023 are summarized, compared to 30.06. 2022 and with the provisions of the income and expenditure budget.

DESCRIPTION OF THE INDICATOR	REALIZED		PROVIDED IN THE B.V.C. SEM.I 2023	%	
	30.06.2023	30.06.2022		2023/2022	Realiz. /BVC
TURNOVER	44.142.412	24.053.810	59.952.550	183,52	73,63
INCOME FROM OPERATION	44.225.224	24.310.226	59.952.550	181,92	73,77
EXPENSES FROM OPERATION	43.851.203	26.929.891	57.306.248	162,83	76,52
PROFIT/LOSS FROM OPERATION	374.021	(2.619.665)	2.646.301	-	14,13
FINANCIAL INCOME	478.872	193.943	225.000	246,91	212,83
FINANCIAL EXPENSES	254.915	39.357	180.000	647,70	141,62
PROFIT FROM THE FISCAL ACTIVITY	223.957	154.586	45.000	144,88	497,68
TOTAL GROSS PROFIT/LOSS	597.978	(2.465.079)	2.691.301	-	22,22
Tax on profit (delayed tax/income from the tax on delayed profit	(91.592)	(69.052)	(138.754)	132,64	66,01
NET PROFIT/LOSS (A)	506.386	(2.534.131)	2.552.547	-	19,84

Other information concerning the incomes and expenses can be found in the Notes to the fiscal situations concluded on 30.06.2023, attached to the present report.

c) Cash flow

Throughout the first semester of 2023, the company had its own sources of sufficient financing, so that it was not necessary to contract bank loans. Cash and cash equivalent on 30.06.2023 totaled 5,883,710 lei (on 30.06.2022: 9,924,363 lei)

In order to guarantee advances received from customers, openings of letters of credit for suppliers and letters of guarantee of good execution, on June 30, 2023, the company had contracted through BRD the following approved ceilings, these being at the same level as last year:

- 1,500,000 Euro limit multi-options and multi-estimates at BRD-GSG,
- 2,069,000 USD limit for the coverage of the currency risk.

From the multi-options and multi-currency ceiling, at the end of the first semester of 2023, a letter of guarantee was issued in favor of the National Company for the Administration of Maritime Ports Constanta, totaling 206,024.70 lei.

The guarantee of these ceilings was made by using the same types of guarantees, as in previous years, namely common basket of guarantees: real estate mortgage, mortgage on receivables, collateral deposit in Euro).

The company had no outstanding obligations at the end of the first semester of 2023, all obligations being paid on time or compensated, both to the state budget and the social security budget, as well as to employees, shareholders, third parties and other creditors.

The company did not have investment loans contracted during this period.

2. ANALYSIS OF THE COMMERCIAL COMPANY'S ACTIVITY

From the multi-options and multi-currency ceiling, at the end of the first semester of 2023, a letter of guarantee was issued in favor of the National Company for the Administration of Maritime Ports Constanta, totaling 206,024.70 lei.

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The company did not have investment loans contracted during this period.

Even if the company has covered with contracts for a good part of the next period, changes are continuously occurring on the river vessel market. These changes concern both the level of demand and the price at which they contract. Also, the military conflict in Ukraine may have a significant impact on the European and global economy in the coming period.

From the point of view of the structure of demand for the construction of river vessels, on the market segment on which the company operates, we cannot talk about major changes, currently being demanded especially tankers for transporting chemicals, oil, gas and other liquid goods.

The average number of employees on June 30, 2023 was 337 employees (on 30.06.2022 it was 345 employees).

2.1. Among the uncertainty factors for the next period, we mention.

- volatility and evolution of the exchange rate – LEI/EURO –, the company's results depending very much on a possible unpredictable fluctuation of the parity of the two currencies;
- recruitment of skilled workforce, especially welders, construction locksmiths and industrial painters, as well as labor instability;
- the evolution of the price of metal, and in particular of sheet metal, and the manner in which this development is consistent with the evolution of the price of inland waterway vessels,
- the credit system practised by external financing banks and specific rules concerning the conditions to be met by inland waterway vessels and Community support policies in this field,
- lack of prospects for renting all salaries from the branch's patrimony;
- the consequences of the ongoing military conflict in Ukraine, which may cause disruptions in supply chains and high price inflation, which could lead to a significant deterioration in economic growth.

2.2 Investment expenditure

In the first semester of this year, investments were made in proportion of 32.20% compared to the provisions of BVC, and in proportion of 119.09% compared to the first semester of 2022. The total value of expenses of this nature amounted to 872,590 lei, compared to 2,710,000 lei budgeted and 732,721 lei achieved in the first semester of 2022.

These expenses were made in proportion of 68.69% at the main office and 31.31% at the Agigea branch, new machinery and work equipment being purchased. Regarding the modernization project of the launch pad from the patrimony of the Agigea branch, a project started over 5 years ago, its completion is estimated to be achieved by the end of this year.

The company had its own sources to finance these investment expenses.

2.3 Events, transactions and economic changes which significantly affect the incomes from the main activity.

During the period analyzed, the company did not have any transactions or economical changes which might affect significantly the incomes from the main activity.

2.3.1. Aspects of risks arising from the armed conflict in Ukraine

Regarding the risk caused by the conflict in Ukraine, we specify that although the company does not have direct exposure, it has lost one of the potential suppliers of raw materials (naval sheet).

The financial interim individual statuses on 30.06.2023 were not audited.

3. CHANGES WHICH AFFECT THE SHARE CAPITAL AND THE MANAGEMENT OF THE COMMERCIAL COMPANY NAVAL SHIPYARD IN ORSOVA

The share capital of the company Şantierul Naval Orşova SA (The naval shipyard in Orsova) registered at the Trade register's Office Mehedinti, did not show any modifications during the 1st semester of 2023, being equal to that from 31.12.2022, namely 28.557.297,5 lei. The share capital is split in 11.422.919 common shares, registered share of 2,5 RON each. An owned share entitled the named shareholder to a vote in the general meeting.

The registry of the shareholders is kept by the CENTRAL DEPOSITORY SA Bucharest. The shareholder structure at the end of the first semester of 2023, compared to 30.06.2022, did not register any changes in terms of significant shareholders, presenting itself as follows:

Transilvania Investments Alliance	5.711.432 shares	49,9998%	14.278.580 lei
Infinity Capital Investments	3.200.337 shares	28,0168%	8.000.843 lei
S.I.F. Muntenia	1.504.600 shares	13,1718%	3.761.500 lei
Other shareholders	1.006.550 shares	8,8116%	2.516.375 lei
TOTAL	11.422.919 shares	100,0000 %	28.557.298 lei

The evolution of the cost of the company's shares and the transaction amount, at the Stock Exchange Bucharest, in the last 5 years, during July 2018-July 2023 is given in the graph below

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(on the upper side there is shown the evolution of the trading cost, and on the lower side, the amount of traded shares):

Published on TradingView.com, July 25, 2023 13:05:57 EEST
BVB:SNO, M O:4,6000 H:4,8200 L:4,5400 C:4,8200



TradingView

TradingView

From this chart it can be seen that the SNO share price had an upward trend, registering a maximum value in 2021 of over RON 7 / share. Currently, the trading value of a share is 4.80 lei/share, but liquidity during this period remains at a low level. We mention that the significant increase, registered in June 2021, was a result of the proposal of the Board of Directors and the AGOA Decision on the distribution of dividends for 2020.

During the first semester of 2023, there were changes in the composition of the Management Board. The Board of Directors of Santierul Naval Orșova S.A., meeting on 06.06.2023, taking note of the termination of the mandate of administrator of Mr. Sperdea Mircea Ion following the renunciation of the mandate starting with 01.06.2023, decided to appoint Mr. Chindris Gheorghe as provisional administrator, for a mandate between 06.06.2023 and the date of the OGMS meeting.

Thus, the composition of the Board of Directors on 30.06.2023 is as follows:

- MISTER ROSCA RADU-CLAUDIU, Romanian citizen, aged 50, Economist. On 30.06.2023 he did not own any shares of the company;
- MISTER ENESCU RADU-VALENTIN, Romanian citizen, aged 53, Engineer. On 30.06.2022 he did not own any shares of the company;
- MISTER CHINDRIS GHEORGHE, having dual citizenship, Romanian and American, aged 63, engineer by profession. On 30.06.2023 he did not own any shares of the company.

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- MISTER ZOESCU MIHAI, Romanian citizen, aged 43, Economist. On 30.06.2023 he did not own any shares of the company;
- MISTER MIHAI CONSTANTIN-MARIAN, Romanian citizen, aged 56, Lawyer. On 30.06.2023 he did not own any shares of the company;

Between 01.01-30.06.2023, two ordinary general meetings of shareholders were held.

The Ordinary General Meeting of Shareholders on 20.04.2023 had as items on the agenda the following:

1. Election of the meeting secretariat consisting of three members, namely Mrs. Maria Cîrstoiu, Mrs. Carmen Inca and Mr. Horia Ciorecan, shareholders with the identification data available at the company's headquarters, in charge of verifying the presence of shareholders, fulfilling the formalities required by law and the articles of association for holding the general meeting, counting the votes cast during the general meeting and drawing up the minutes of the meeting.
2. Presentation of the report on the results of the revaluation of property, plant and equipment in the group of ships. Approval of the registration of revaluation differences (decrease) amounting to RON 836,984.15 in the accounting records on 31.12.2022.
3. Presenting, debating and approving the annual financial statements for the financial year 2022, prepared in accordance with International Financial Reporting Standards, based on the Management Report of the Board of Directors and the Report of the statutory financial auditor.
4. Presentation and submission to the advisory vote of the Remuneration Report for the financial year 2022.
5. Discharge of administrators for the financial year 2022.
6. Determination of remuneration due to directors for the financial year 2023, valid from the date of this Ordinary General Meeting of Shareholders until the date of the next Ordinary General Meeting of Shareholders.
7. Approval of performance indicators and targets for the financial year 2023, annex to the management and mandate contract.
8. Approval of the draft Income and Expenditure Budget and the investment program for 2023, according to the administrators' proposal.
9. Approval to make in the financial year 2023 the accounting registration under "income" of dividends not raised for more than 3 years from the due date, for which the right to dividend is extinguished by prescription, respectively dividends for the financial year 2018 existing in the balance as unpaid on 31.12.2022, in the amount of RON 62,455.91.
10. Approval of May 16, 2023 as registration date and ex-date May 15, 2023 to identify shareholders affected by the resolution of the Ordinary General Meeting of Shareholders.
11. Empowering Mr. Mircea Ion Sperdea, General Manager of the company, to sign the decision of the Ordinary General Meeting of Shareholders (AGOA) and any other documents necessary for the enforcement of the AGOA decision and to carry out the formalities of its publication and registration.
12. Approval of the implementation of "Policies to ensure an efficient management of the company."

13. Approval of the conclusion of the Addendum to the Management Agreement concluded with the members of the Board of Directors, according to the draft Addendum presented by the shareholder Transilvania Investments Alliance.

The Ordinary General Meeting of Shareholders on 29.05.2023 had as items on the agenda the following:

1. Election of the meeting secretariat consisting of three members, namely Mrs. Maria Cîrstoiu, Mrs. Carmen Inca and Mr. Horia Ciorecan, shareholders with the identification data available at the company's headquarters, in charge of verifying the presence of shareholders, fulfilling the formalities required by law and the articles of association for holding the general meeting, counting the votes cast during the general meeting and drawing up the minutes of the meeting.
2. Approval of fixed remuneration due to directors for the financial year 2023, according to Article 19 (2) of the Articles of Association, at the level approved by shareholders for the financial year 2022.
3. Empowering Mr. Mircea Ion Sperdea, General Manager of the company, to sign the decision of the Ordinary General Meeting of Shareholders (AGOA) and any other documents necessary for the enforcement of the AGOA decision and to carry out the formalities of its publication and registration.

Judgments nr. 56/20.04.2023 and 57/29.05.2023 adopted on these occasions, were made public and were communicated, within the legal term, to ASF Bucharest and the Bucharest Stock Exchange, according to the legal requirements.

4. SIGNIFICANT TRANSACTIONS

During the first semester of 2023, Şantierul Naval Orşova S.A. did not register transactions with persons acting in concert or involving these persons.

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STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

<i>Reference</i>	Note	30.06.2023	31.12.2022
		RON	RON
Assets			
Fixed assets			
<i>IAS 1.54(a)</i>	Tangible assets	37.419.247	38.759.783
	Freehold land and land improvements	1.201.941	1.201.941
	Buildings	18.752.242	19.796.944
	Plant and machinery, motor vehicles	15.719.040	16.464.094
	Fixtures and fittings [...]	85.217	76.778
	Tangible assets in progress	1.660.807	1.220.026
<i>IAS 1.54(c)</i>	Intangible assets	86.177	27.779
	Other intangible assets	86.177	27.779
<i>IFRS 16, IAS 8</i>	Rights to use the leased assets	780.146	1.109.377
<i>IAS 1.54(h)</i>	Trade receivables and other receivables	6.000	8.956
<i>IAS 1.54(b)</i>	Investment property	596.638	596.638
<i>IAS 1.54(o), 56</i>	Deferred tax assets	24.177	115.769
<i>IAS 1.60</i>	Total fixed assets	38.912.385	40.618.302
<i>IAS 1.54 (g)</i>	Inventories	43.165.219	50.813.700
<i>IAS 1.54(h)</i>	Trade receivables and other receivables	12.414.236	1.987.659
<i>IAS 1.55</i>	Accrued expenses	385.908	161.622
<i>IAS 1.54(d)</i>	Short term investments	5.491.442	3.485.023
<i>IAS 1.54(i)</i>	Cash and cash equivalents	5.883.710	8.852.408
<i>IAS 1.60</i>	Total Current Assets	67.340.515	65.300.412
	Total Assets	106.252.900	105.918.714
Equity			
<i>IAS 1.54(r), 78(e)</i>	Share capital	28.557.298	28.557.298
<i>IAS 1.54(r), 78(e)</i>	Share premium	8.862.843	8.862.843
<i>IAS 1.55, 78(e)</i>	Reserves	47.901.179	47.901.179
<i>IAS 1.54(r), 78(e)</i>	Result for the period	506.386	(4.215.117)
<i>IAS 1.55, 78(e)</i>	Retained earnings	(3.322.897)	892.220

Şantierul Naval Orşova S.A.
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STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023 (continued)

<i>Reference</i>	Row	30.06.2023	31.12.2022
		RON	RON
	Other elements of equity	(3.906.064)	(4.014.451)
	Total equity	78.598.745	77.983.972
	Liabilities		
	Long-term liabilities		
<i>IAS 1.54(o), 56</i>	Deferred tax liabilities	3.923.536	4.031.923
<i>IFRS 16, IAS 8</i>	Other debts, including lease liability	224.820	555.829
<i>IAS 1.60</i>	Total long-term liabilities	4.148.356	4.587.752
	Current liabilities		
<i>IAS 1.54(k)</i>	Trade payables and other debts, including derivatives	22.928.202	21.665.023
<i>IAS 1.55, 11.42(b)</i>	Deferred income	1.663	2.375
<i>IAS 1.54(l)</i>	Provisions	575.934	1.679.592
<i>IAS 1.60</i>	Total current liabilities	23.505.799	23.346.990
	Total Liabilities	27.654.155	27.934.742
	Total Equity and Liabilities	106.252.900	105.918.714

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AT 30 JUNE 2023

<i>Reference</i>	<i>Note</i>	30.06.2023	30.06.2022
		RON	RON
Continuing operations			
<i>IAS 1. 82(a)</i>	Income	43.155.858	23.898.479
<i>IAS 1.99,103</i>	Other income	1.069.366	411.747
	Total Operational Income	44.225.224	24.310.226
	Expenses related to inventories	(20.637.091)	(9.548.112)
	Utility expenses	(946.928)	(817.145)
	Employee benefits expenses	(14.043.801)	(10.665.520)
	Depreciation and amortization expenses	(2.265.312)	(1.587.781)
	Depreciation expenses related to rights-of-use for leased assets	(329.232)	(283.630)
	Gains/losses on disposal of property	(7.161)	(5.011)
	Increase/(Decrease) of receivables allowances and inventory write-down	0	9.479
	Increase/(Decrease) of provision expenses	1.103.658	388.851
<i>IAS 1.99, 103</i>	Other expenses	(6.725.336)	(4.421.022)
	Total Operational expenses	(43.851.203)	(26.929.891)
	The result of operational activities	374.021	(2.619.665)
	Financial income	478.872	193.943
<i>IAS 1.82(b)</i>	Financial expenses	(254.915)	(39.357)
	Net financial result	223.957	154.586
<i>IAS 1.85</i>	Result before taxation	597.978	(2.465.079)
	Current income tax expenses	0	0
	Deferred income tax expenses	(91.592)	(62.216)
	Specific tax income	0	(6836)
	Deferred income tax income	0	0
<i>IAS 1.85</i>	Result for continuing operations	506.386	(2.534.131)
<i>IAS 1.82(f)</i>	Result for the period	506.386	(2.534.131)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AT 30 JUNE 2023 (continued)

<i>Reference</i>	<i>Note</i>	<u>30.06.2023</u>	<u>30.06.2022</u>
		RON	RON
<i>IAS 1.82 (i)</i> Total comprehensive income for the period		506.386	(2.534.131)
Attributable profit			
<i>IAS 1.83(b)(ii)</i> Shareholders		506.386	(2.534.131)
Profit for the period		506.386	(2.534.131)
Total attributable comprehensive income			
<i>IAS 1.83(b)(ii)</i> Shareholders		506.386	(2.534.131)
Earnings per share			
<i>IAS 33.66</i> Basic earnings per share		0.04	(0.22)
<i>IAS 33.66</i> Diluted earnings per share		0.04	(0.22)
Continuing operations			
<i>IAS 33.66</i> Basic earnings per share		0.04	(0.22)
<i>IAS 33.66</i> Diluted earnings per share		0.04	(0.22)

Şantierul Naval Orşova S.A.
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Reference

STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders								
		Share capital	Share premium account	Revaluation reserve	Other reserves	Retained earnings	Result for the period	Other elements of equity	Profit appropriation	Total equity
IAS 1.108,109	Balance at December 31,2021	<u>28.557.298</u>	<u>8.862.843</u>	<u>30.246.300</u>	<u>24.650.646</u>	<u>941.454</u>	<u>(153.870)</u>	<u>(4.338.244)</u>	≡	<u>88.766.427</u>
IAS 1.106	Loss/ Net profit for the year	-	-	-	-	(153.870)	(4.061.247)	-	-	(4.215.117)
	Transfer in reserve	-	-	(104.636)	(6.054.147)	6.158.783	-	323.793	-	323.793
	Revaluation reserve	-	-	(836.984)	-	-	-	-	-	(836.984)
	Dividends	-	-	-	-	(6.054.147)	-	-	-	(6.054.147)
	Balance at December 31, 2022	<u>28.557.298</u>	<u>8.862.843</u>	<u>29.304.680</u>	<u>18.596.499</u>	<u>892.220</u>	<u>(4.215.117)</u>	<u>(4.014.451)</u>	≡	<u>77.983.972</u>
IAS 1.106(d)(i)	Loss/ Net profit for the year	-	-	-	-	(4.215.117)	4.721.503	-	-	506.386
	Transfer in reserve	-	-	-	-	-	-	108.387	-	108.387
	Balance at June 30, 2023	<u>28.557.298</u>	<u>8.862.843</u>	<u>29.304.680</u>	<u>18.596.499</u>	<u>(3.322.897)</u>	<u>506.386</u>	<u>(3.906.064)</u>	≡	<u>78.598.745</u>

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STATUS OF THE TREASURY CASH FLOW

<i>IAS 1.10(d), 113</i>	For the fiscal year completed	30.06.2023	30.06.2022
	Treasury Cash Flow for operating activities		
	Profit of the period	506.386	(2.534.131)
	Adjustment for:		
	Depreciation of intangible and tangible assets	2.562.838	2.168.432
	Impairment adjustments for fixed assets (net)	0	(56.116)
	Gain/losses from the sale of the tangible assets	7.161	5.011
	Net expenses / (net income) with provisions	(1.103.658)	(388.851)
	Depreciation of current assets	0	(9.479)
	Specific activities tax expenses	0	6.836
	Expenses on the delayed income tax	91.592	62.216
	Cash Flow from operating activities before the amendment of the working capital	2.064.319	(746.082)
	Amendment of the working capital:		
	Stocks modification	7.648.481	(27.731.507)
	Modification of the commercial account receivables and of other account	(10.318.844)	1.966.623
	Modification of the advanced expenses	(224.286)	(284.975)
	Modification of the commercial debts and of other debts	1.111.882	22.799.395
	Cash flow generated from operating activities	281.552	(3.996.546)
<i>IAS 7.35</i>	Paid interests	(34.116)	(14.746)
	Profit /specific tax paid	0	(6835)
<i>IAS 7.10</i>	Net cash flow from operating activities	247.436	(4.018.127)
	Treasury Cash Flow from investment activities		
<i>IAS 7.31</i>	Cashed interests	75.540	6.257
<i>IAS 7.16(a)</i>	Tangible and intangible assets acquisition	(872.590)	(736.989)
	Short term investments	(2.006.419)	603.007
<i>IAS 7.10</i>	Net cash used in investment activities	(2.804.469)	(127.725)
	Treasury cash flow from financing activities		
<i>IAS 7.17(d)</i>	Increase (Repayment) of loans	(331.009)	(283.038)
<i>IAS 7.17(d)</i>	Paid dividends	(80.656)	(12.115)
<i>IAS 7.10</i>	Net cash from (used in) financing activities	(411.665)	(295.153)
	Net increase/decreases of the cash flow and of the cash flow equivalents	(2.968.698)	(4.441.005)
	Cash Flow and equivalents from 1st of January	8.852.408	14.365.368
	Cash flow and cash flow equivalents at 30th of June	5.883.710	9.924.363

Şantierul Naval Orşova S.A.
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Reference **NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS**

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

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

IAS 1.51(a)-(c) The separate financial statements in accordance with IFRS have been prepared for the year ended 30 June 2023. The Company's main activity is: **construction of ships and floating structures (NACE code: 3011).**

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

a. Statement of compliance

IAS 1.16 The company has prepared the annual financial statements for the year ended 30 June 2023 in accordance with International Financial Reporting Standards as adopted by European Union, applicable to companies whose securities are admitted to trading on a regulated market, according to the Order of the Minister of Finance no. 881/2012 regarding the application of International Financial Reporting Standards by companies whose securities are admitted to trading on a regulated market and the Order of the Minister of Finance no. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, including subsequent amendments and additions.

IAS.10.17 The financial statements have been authorized for issue by the Board of Directors on August 9th, 2023.

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

IAS 1.117(a) Investment properties

- Buildings
- Naval means of transport.

a. Functional currency and presentation currency

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

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Separate financial statements in accordance with IFRS at 30.06.2023

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

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

b. Professional judgements and key assumptions

The preparation of financial statements in accordance with IFRS requires the use of management's professional judgment, estimates and assumptions which affects the application of accounting policies and the reported value of assets, liabilities, income and expenses. Actual results may differ from estimated values.

The estimates and assumptions are reviewed regularly. Revisions of estimates are recognized in the period in which the estimate was revised and in future periods affected by the change.

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

- Note 18 –Investment property classification;
- Note 23 – Loans.

c. New International Financial Standards not applied by the Company

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

- IFRS 17 "Insurance Contracts", published on May 18, 2017, with effect from January 1, 2023.
- Amendments to IAS 1 "Classification of short-term or long-term liabilities, effective January 1, 2023."
- Amendments to IAS 1 "Presentation of Financial Statements" effective January 1, 2023
- Amendments to IAS 8 "Accounting policies, changes in accounting estimates and correction of errors" effective January 1, 2023.
- Amendments to IAS 12 "Income Tax" with effect on 1 January 2023.
- Amendments to IFRS 17 "Insurance Contracts" with effect on January 1, 2023.
- Amendments to IAS 1 "Classification of short-term or long-term liabilities, effective January 1, 2024."
- Amendments to IFRS 16 "Leases" effective January 1, 2024.

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

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

d. Presentation of financial statements

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

Comparative information has been presented so that they are in accordance with the revised standard. As the impact of change in accounting policy is reflected only on presentation aspects, there is no impact on earnings per share.

IAS 1 Presentation of Financial Statements is basis for the financial statements presentation to ensure comparability both with the entity's financial statements for previous periods and with the financial statements of other entities.

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

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

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

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

Expenses representing inventories consumption, depreciation of fixed assets, interest expenses, employee expenses etc. and which according to the IFRS stipulations, are included in some assets value, are recognized during the period depending on their nature. Complementarily, the accounting records related to assets in progress, on recognize of the related income accounts.

In preparation of the annual accounting reports, as well as those submitted during the year to the territorial units of the Ministry of Public Finance, which are prepared in accordance with the format established by the Ministry of Public Finance, the Company which, according to IAS 1, has chosen to present the analysis of expenses using a classification based on their nature, does not present either the value of these expenses or the value of the corresponding revenues as it is stipulation by OMFP 2844 of December 12, 2016 for approving the Accounting Regulations compliant with International Financial Reporting Standards (paragraph 182).

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Separate financial statements in accordance with IFRS at 30.06.2023

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

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

e. Standards and interpretations available in the current period

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

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

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<i>Reference</i>	NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS	
<i>IAS 1.112(a)</i>	2. Basis of preparation (continued)	
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Accounting principles for direct or indirect public aid (clear identification, concept of fair value, restraining subsidized connection etc.).
IAS 21	The Effects of changes in Foreign Exchange Rates	Accounting treatments of abroad activities, foreign currency transactions and restating financial statements of a foreign entity.
IAS 23	Borrowing Costs	The definition of borrowing costs and accounting treatments: the notion of qualifying asset, how to capitalize borrowing costs in the amount of qualifying assets.
IAS 24	Related Party Disclosures	Details of related party relationships and transactions (legal and natural persons) who exercises control or significant influence over one of the group's companies or the management.
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Principles and information on the retirement schemes (funds), distinguishing defined contribution schemes and defined-benefit.
IAS 27	Separate Financial Statements	IAS 27 outlines when an entity must consolidate another entity, how to account for a change in ownership, how to prepare separate financial statements, and related disclosures. The financial statements prepared by the company for year ended 31 December, 2014 are separate financial statements, therefore, consolidated financial statements are not applicable in this case. The Transilvanian Financial Investment Company, headquartered in Braşov, Nicolae Iorga Street, No. 2, holds, in present, 49,9998% of the share capital of SC Şantierul Naval Orşova SA, so, they have obligation to prepare the consolidated financial statements.

Şantierul Naval Orşova S.A.
Separate financial statements in accordance with IFRS at 30.06.2023

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

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

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

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

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

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

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

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

IFRS 10	Consolidated Financial Statements	Establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11	Joint Arrangements	Establishing principles for financial reporting for entities that hold interests in jointly controlled commitments..
IFRS 12	Disclosure of Interests in Other Entities	Requires an entity to disclose information that will enable users of its financial statements to evaluate: the nature and risks associated with interests held in other entities; and the effects of those interests on the financial position, financial performance and its cash flows.
IFRS 13	Fair value measurement	The definition of fair value, establishing, in a single IFRS, a framework for measuring fair value, requiring the presentation of information on fair value.
IFRS 15	Revenue from Contracts with Customers	IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018. On 12 April 2016, clarifying amendments were issued that have the same effective date as the standard itself.
IFRS 16	Leasing contract	Its objective is to standardize the way in which financial and operational leasing contracts are recognized in order to have a better comparability in the financial statements between the entities that use different types of contracts
IFRS 17	Insurance contracts	Aims to ensure that an entity provides relevant information that accurately represents those contracts.

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

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

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

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

a. Foreign currency

(i) Transactions in foreign currency

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

b. Financial instruments

(ii) Share capital

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

c. Tangible Assets

IAS 16.73 (a) (i) Recognition and evaluation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

117(a)

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

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

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

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

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

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

On December 31, 2022, the Company proceeded to the revaluation of property, plant and equipment of the nature of the means of naval transport located at the Agigea branch using the opinion of an independent external evaluator.

Regarding the accounting treatment of revaluation differences, these were made in accordance with IAS 16 as follows:

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

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

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

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

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

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

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

(ii) Reclassification to investment property

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

(iii) Depreciation of tangible non-current assets

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

The company uses straight-line depreciation method for all tangible assets owned, by dividing the book value equally, over its useful life. The depreciation method is applied consistently to all assets of the same type and with identical conditions of use. If tangible assets are placed in conservation, the company did not account the depreciation expense, instead at the end of the period, the company will record a corresponding expense adjustment for the impairment of the asset. The degree of impairment will be determined as much as possible by a certified evaluator.

A significant change in the conditions of use of tangible assets or aging may justify a revision of the useful life. Also, if the tangible non-current assets are placed in conservation (their use is discontinued for a long period), the useful life can be revised.

The residual value and service life shall be reviewed at least at each financial year end.

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

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

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

<u>Asset</u>	<u>Years</u>
Constructions	5 - 45
Equipment	3 - 20
Other equipment and furniture	3 - 30

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

(iii)..... Derecognition

The account value of a fixed asset shall be derecognised:

- when disposed, or
- when no future economic benefits are expected from its use or disposal.

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

a. Intangible Assets

(1) Cost

(i) *Software*

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

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

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

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

117(a)

(ii) *Other intangible assets*

All other intangible assets are recognized at cost.

Intangible assets are not revalued.

(2) Amortization

(i) *Software*

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

(ii) *Other intangible assets*

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

b. Rights-of-use for leases assets

The company as a lessees

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

Leasing liability

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

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

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

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

Leasing liability is presented as a separate line in the financial statement.

Leasing liabilities are subsequently updated by increasing the carrying amount to reflect the amount of the amount of the revalued lease debt and by reducing the carrying amount to reflect the lease payments made. The company revalues the lease debt (and makes an appropriate adjustment to the right to use the asset) when:

- The lease term has changed, in which case the lease debt is revalued by updating the lease payments.

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

Rights-of-use assets

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

c. Investment property

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

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

For the evaluation after recognition, the company uses the fair value model, this accounting treatment has been applied to all investment properties.

A gain or loss arising from a change in fair value of investment property shall be recognized as an income or as an expense in the statement of comprehensive income for the period.

In determining the fair value of investment property, the company uses the services of certified values.

d. Inventories

Inventories are assets:

- Held for sale in the ordinary course of business;

- In process for sale in the ordinary course of business;

- Raw materials and consumables.

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

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

Measurement of inventories

Inventories are required to be stated at the lower value between cost and net realizable value.

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

Cost of inventories

The primary basis for accounting inventories is the cost .

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

Price differences over the cost of acquisition or production should be disclosed separately in the accounts and are recognized in cost of the asset.

Regarding the method of valuation, the company used, until December 31, 2010, the weighted average cost method, but starting from January 1, 2011, the company is using the first-in - first out method.

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

e. Impairment

(i) Financial assets (including receivables)

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

If in a subsequent period, an event occurring after the recognition of the impairment will determine an increase of the asset's value, the impairment will be reversed.

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

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

f. Employee benefits

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

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

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

g. Provisions

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

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

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

(2) Provisions for litigation

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

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

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

(3) Provisions for guarantees

For river vessels produced by the Company, it is stipulated in the export contracts that the seller is obliged to guarantee the proper execution, for a period of 6-9 months from date of sale (ownership transfer), depending on the complexity of the ships.

Provisions made for this purpose are based on calculation of the average share of total claims paid customer deliveries during the last period (previous year).

h. Revenue

Revenue refers to goods sold and services rendered.

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

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

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

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

IFRS 7.20,24 **1. Financial income and expenses**

Interest income is recognized as the income generates, on an accrual basis using the effective interest method in proportion to the relevant time, based on the principal and the effective rate over the period to maturity or a shorter period if this period is link to transaction costs, when it is established that the company will obtain such income.

Income from financial assets or dividends receivable from entities in which the Company is a shareholder, are recognized in the financial statements of the financial year in which they are approved by the General Meeting of each entity.

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

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

m. Income tax

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

Income tax obligation for the reporting period and prior periods is recognized to the extent that is not paid.

If the amounts paid on the current and prior periods exceed the amounts due for those periods, the excess is recognized as recoverable amount.

Recognition of deferred tax assets and liabilities

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

4. Determination of fair value

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

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

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

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

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

4. Determination of fair value (continued)

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

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

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

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

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

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

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

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Reference *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

5. Incomes

		<u>30.06.2023</u>	<u>30.06.2022</u>
<i>IAS 18.35(b) (i)</i>	<i>Sales of goods</i>	38.052.483	19.145.545
<i>IAS 18.35(b) (ii)</i>	<i>Rendering of services</i>	5.103.375	4.752.934
	Total	<u>43.155.858</u>	<u>23.898.479</u>

Revenues for the first 6 months of 2023 are higher by 80.58% compared to those of the corresponding period last year, mainly due to the increase in revenue from the sale of vessels built at the main office in Orsova. During this period, the Company completed and handed over to external customers, in accordance with the production schedule, a number of 3 vessels (2 vessels in the corresponding period of 2022).

The river/sea shipbuilding market is still deficient, but the company has covered its production capacity by the end of the year.

Although they do not represent a significant percentage of turnover, services increased by 7.37%, and this increase compared to the previous year was achieved mainly on account of the ship repair activity at the Agigea branch. The main client was Navrom Galati.

Such disclosures shall be made by the Company in accordance with IFRS 8.

6. Other incomes

	<u>30.06.2023</u>	<u>30.06.2022</u>
Income from rents (other than rent real estate investments)	986.554	155.331
Other operational incomes	82.811	256.416
Total	<u>1.069.366</u>	<u>411.747</u>

In the period 01.01 - 30.06.2023, these revenues are at a higher level than in the corresponding period of the previous year (increase by 159.71%). The amounts realized during this period and entered in the rental income item are related to the lease contracts of spaces in the patrimony of the Agigea branch, but also from the closure, starting with May 2023, of two salt halls.

Regarding the Other operating income position, we note a decrease in the amount achieved in the first half of 2023 compared to the corresponding period of the previous year (in 2022 additional income was recorded from the relationship with Veka).

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7. Outgoings on stocks

	<u>30.06.2023</u>	<u>30.06.2022</u>
Expenses with raw materials	14.523.159	5.992.914
Expenses of consumable materials, from whom:	5.742.749	3.168.426
Expenses <i>of auxiliar materials</i>	5.277.897	2.915.968
Expenses <i>of fuel</i>	180.834	124.890
Expenses <i>with spare parts</i>	183.810	82.793
Expenses <i>of other consumable materials</i>	100.208	44.774
Expenses regarding materials of nature inventory items	255.929	153.482
Expenses of unstocked materials	115.118	83.269
Expenses regarding goods	5.206	150.210
Received discount	(5.070)	(188)
Total	<u>20.637.091</u>	<u>9.548.112</u>

In the semester. I 2023 the significant share in total stock expenditure is held by raw materials (naval sheet) and auxiliary materials (profiles, pipes). During the analyzed period, there was an increase in expenses, by 116.14% compared to the previous year, this increase being correlated with the fact that revenues from the sale of vessels also increased by 98.75%.

Expenses representing consumption of inventories which, in accordance with IFRS, are included in the value of assets are recognised during the period according to their nature. Correspondingly, the value of assets in progress is recorded in the accounts on account of the related revenue accounts. Please note that the Company, pursuant to IAS 1, has chosen to present its analysis of expenses using a classification based on their nature, and therefore presents neither the amount of those expenses nor the amount of corresponding income.

8. Utilities outgoings

	<u>30.06.2023</u>	<u>30.06.2022</u>
Expenses with energy	924.678	801.364
Expenses with water	22.250	15.781
Total	<u>946.928</u>	<u>817.145</u>

I In the first semester of 2023, utility expenses, in correlation with production, also increased compared to the first semester of 2022 (by 15.88%), but we mention that supply tariffs experienced a slight increase.

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

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IAS 1.104 **9. Staff costs**

	<u>30.06.2023</u>	<u>30.06.2022</u>
Personnel expenses	12.833.350	9.730.002
Expenses with contributions to compulsory social insurance	1.210.451	935.518
Total	<u>14.043.801</u>	<u>10.665.520</u>

Medium number of employees	337	345
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In the analyzed period of 2023, wage expenses increased by 31.67% compared to the corresponding period of 2022. This increase is due both to the increase in the volume of production made and delivered in the semester. I of 2023, but also the increase in the employment salaries of the Company's staff, starting with May 2023, by an average percentage of 10%, respectively the increase, starting with January 2023, of the value of the meal voucher from 25 lei / meal ticket to 30 lei / meal ticket.

As in the case of the other categories of expenditure, in the presentation of personnel costs, an influencing factor in this increase is the method of presenting expenses using a classification based on their nature.

10. Value adjustment of current asset

	<u>30.06.2023</u>	<u>30.06.2022</u>
Losses(Profit) on receivables and various debtors	-	(3.714)
Income from adjustments for impairment of current assets	-	(5.765)
Total	=	<u>(9.479)</u>

The amounts presented above refer to the adjustment of impairments related to other receivables and to the profit realized from the reactivation of some debtors. No such operations were carried out in the first half of 2023

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IAS 1.97 **11. Other outgoings**

	<u>30.06.2023</u>	<u>30.06.2022</u>
Expenses with maintenance and repairs	80.025	100.026
Expenses with royalties, managed locations and rents	37.386	42.114
Expenses with premium insurance	47.699	62.682
Expenses with commissions and fees	-	9.674
Protocol, advertising and advertising expenses	20.073	11.603
Goods and personnel transport expenses	781.224	722.958
Travel expenses, secondments and transfers	22.564	20.752
Postage and telecommunications expenses	26.667	24.742
Banking services expenses	31.648	69.956
Other expenses for services performed by third parties	5.380.502	2.930.612
Expenses with other taxes and fees	216.086	219.562
Expenses for environment protection	5.689	8.747
Expenses with fixed assets held for sale	-	-
Expenses with compensations, fines and penalties	3.090	649
Other operational expenses	72.683	196.945
Total outgoings	<u>6.725.336</u>	<u>4.421.022</u>

During 01.01-30.06.2023, the above level of expenses increased by 52.12% compared to the same period of the previous year, the main influencing factors in this increase being the volume of production sold, during this period 3 vessels were delivered (2 ships delivered in semester). I 2022) and the services performed.

We note in structure an increase in expenses with services provided by third parties by 83.60% due to the fact that during the analyzed period the Company resorted to a greater extent to subcontractors both for shipbuilding activity and for ship repair activity. As regards auditors' fees, included in the total amount of this position, it is found that their level is close to that of the previous year. Specifically, they registered the following values: 48,726 lei, including VAT. fees to statutory auditors (49,055 lei, including VAT, in the corresponding period of 2022) and for internal audit services the amounts paid between 01.01-30.06.2023 were 10,620 lei, including VAT (10,584 lei, including VAT, in the corresponding period of the previous year).

As regards the Other expenses item, we specify that the amount recorded in 2022 mainly includes the expenses incurred in carrying out the dispute with VEKA.

Also for these categories of expenses, an influencing factor in these increases is the method of presenting expenses using a classification based on their nature.

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IAS 1.86 **12. Financial income and expenses**

Recognized in the profit or loss account:

		<u>30.06.2023</u>	<u>30.06.2022</u>
<i>IFRS 7.20 (b)</i>	Interest income from bank deposits	87.978	6.662
<i>IAS 21.52 (a)</i>	Incomes from exchange rates differences	390.894	187.281
	Total financial incomes	478.872	193.943
<i>IFRS 16.</i>	Interest expense on the leasing account	34.116	14.746
<i>IAS 21.52 (a)</i>	Expenses from exchange differences rates	220.799	80.727
	Value adjustments regarding financial fixed assets	-	(56.116)
	Total financial expenses	254.915	39.357
	Net financial result	<u>223.957</u>	<u>154.586</u>

In relation to the above amounts, the following clarifications are made:

- interest income is related to bank deposits and current account availabilities;
- Due to exchange rate developments, exchange rate income was higher than exchange rate expenses and was at a higher level than those recorded in the similar period of 2022.
- During the analyzed period of 2023, the company did not have contracted bank loans, so it did not register interest rates with this title.

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13a. Expenditure on profit tax

	<u>30.06.2023</u>	<u>30.06.2022</u>
a) Expenditure on current profit tax		
IAS 12.80 (a) Current period	0	0
IAS 12.80 (b) Adjustments of previous periods		
b) Deferred income tax expense		
IAS 12.80 (c) Initial recognition and reversal of temporary differences	91.592	62.216
IAS 12.80 (g) Changes in previously unrecognized temporary differences		
IAS 12.80 (f) Recognition of previously unrecognized tax los		
Total profit tax expenses (a+b)	91.592	62.216
IAS 12.81 (c) Reconciliation of effective tax rate		
Profit of the period	597.978	(2.397.503)
Non-deductible expenses	16.082	18.638
Non-taxable incomes	1.103.658	450.732
Elements similar to incomes (amortisation after reevaluation 2003)	677.417	669.000
Tax loss year 2022	1.761.405	0
Taxable profit	(1.573.586)	(2.160.597)
Expense with the current profit tax	-	-
Sponsorship	-	-
Bonus OUG 33/2020	-	-
Profit after taxation	597.978	(2.397.503)

13b. Specific tax expenses

Starting with 2017, with the entry into force of Law no. 170/2016 on the tax specific to certain activities, the company owes this type of tax for the activity of the canteen operating under its subordination. Please note that a workers' canteen operates within the Company, its activity being coded CAEN 5629 "Other food services n.c.a." and registered in the company's articles of incorporation as a secondary activity.

According to GEO 16/2022, starting with January 1, 2023, Law no. 170/2016 on the tax specific to certain activities was repealed.

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IAS 16 **14. Tangible non-current asset**

		Lands and buildings	Machines and equipments	Furniture and fixtures	Work in progress	Total
	Coast or assumed costs					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2022	21.262.106	56.035.571	508.922	3.564.578	81.371.177
<i>IAS 16.73 (e)(i)</i>	Acquisitions	-	472.967	-	309.430	782.397
<i>IAS 16.73 (e)(ii)</i>	Outgoings of non current asset	-	21.790	-	49.677	71.467
<i>IAS 16.73 (d)</i>	Balance at June 30,2022	21.262.106	56.486.748	508.922	3.824.331	82.082.107
	Depreciation and losses from depreciation					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2022	-	40.393.612	444.320	-	40.837.932
<i>IAS 16.73 (d)(vii)</i>	Depreciation during the year	1.028.645	843.274	7.584	-	1.879.503
<i>IAS 16.73 (d)(ii)</i>	Outgoings pf non current asset	-	18.393	-	-	18.393
<i>IAS 16.73 (d)</i>	Balance at June 30,2022	1.028.645	41.218.493	451.904	-	42.699.042
<i>IAS 1.78 (a)</i>	Accounting values					
	Balance at 1 January 2022	<u>21.262.106</u>	<u>15.641.959</u>	<u>64.602</u>	<u>3.564.578</u>	<u>40.533.245</u>
	Balance at June 30, 2022	<u>20.233.461</u>	<u>15.268.255</u>	<u>57.018</u>	<u>3.824.331</u>	<u>39.383.065</u>
		Lands and buildings	Machines and equipments	Furniture and fixtures	Work in progress	Total
	Coast or assumed costs					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2023	23.081.969	58.259.701	535.770	1.220.026	83.097.466
<i>IAS 16.73 (e)(i)</i>	Acquisitions	8.300	419.045	17.058	801.819	1.246.222
<i>IAS 16.73 (e)(ii)</i>	Outgoings of non current asset	8.316	474.424	-	361.038	843.778
<i>IAS 16.73 (d)</i>	Balance at June 30,2023	23.081.953	58.204.322	552.828	1.660.807	83.499.910
	Depreciation and losses from depreciation					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2023	2.083.084	41.795.607	458.992	-	44.337.683
<i>IAS 16.73 (d)(vii)</i>	Depreciation during the year	1.045.841	1.164.099	8.619	-	2.218.559
<i>IAS 16.73 (d)(ii)</i>	Outgoings pf non current asset	1.155	474.424	-	-	475.579
<i>IAS 16.73 (d)</i>	Balance at June 30,2023	3.127.770	42.485.282	467.611	-	46.080.663
<i>IAS 1.78 (a)</i>	Accounting values					
	Balance at 1 January 2023	<u>20.998.885</u>	<u>16.464.094</u>	<u>76.778</u>	<u>1.220.026</u>	<u>38.759.783</u>
	Balance at June 30, 2023	<u>19.954.183</u>	<u>15.719.040</u>	<u>85.217</u>	<u>1.660.807</u>	<u>37.419.247</u>

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IAS 16 **14. Tangible non-current asset (continued)**

On 30 June 2023, land has a book value of 1,201,941 RON and represents an area of 86,000 square meters, of which:

- 85,790 square meters at its headquarters in Orşova and
- 210 square meters at its Branch in Agigea, Constanta County.

On 31.12.2007, the Agigea Branch, named at that time Shipyard Services SA Agigea, carried out the land revaluation operation of 210 sqm. As a result, after the merger (in 2008) and until this date, the Company's lands are valued at fair value for the land in the Branch's patrimony and at historical cost for the lands from Orşova.

In the course of the year 2017 the company has put up for sale by tender two plots of land in the area Gratca, of 937 square meters and 3,988 square meters, in accordance with the management decision of 16 February 2017. Although these lands have not found yet their buyers, they have been classified in an appropriate manner as non-current assets held for sale (account 311).

The company has completed cadastral situation for the entire area of the premises owned by Orşova headquarters. The company has completed the land register for the whole situation in the area of property at its headquarters in Orşova.

Revaluation of tangible non-current assets

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

At 31 December 2005 the Company proceeded to revise the value of tangible assets by using the opinion of specialists, employed by the Company. At 31 December 2006, the Company proceeded to review the value of buildings and special constructions using the opinion of specialists, employed in the Company. On 31 December 2007, the Company has not proceeded to review the value of assets at the Orşova headquarters, instead, Agigea Branch conducted a revaluation of fixed assets of structures and ships group, before the merger, under the old name: SC Servicii Construcţii Maritime S.A. Agigea.

During 2007, 2008 and 2009 there were entries recorded in the technological equipment category and other intangible category which leads to a presentation in the financial statements, of the assets of these groups, both at historical cost indexed in accordance with government decisions (" GD "), and historical cost.

At 31 December 2009, the Company proceeded to the revaluation of buildings and special constructions, both at the headquarters in the town of Orşova and at Agigea branch, using the opinion of independent external evaluators. The reflection method of the revaluation in the company's bookings was to eliminate the depreciation from the book value of assets. The amount of the revaluation surplus was credited to revaluation reserve balance for those targets whose fair

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IAS 16 **14. Tangible non-current asset (continued)**

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

At 31 December 2010 and 2011, the company did not revalued non-current assets.

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

At 31 December 2013, the company proceeded to the revaluation of means of naval transport, both at headquarters in the town of Orşova and Agigea branch using the opinion of some independent external evaluators. The reflection method of the revaluation in the company's bookings was to eliminate the depreciation from the book value of assets. The amount of the revaluation surplus was credited to revaluation reserve balance for those targets whose fair value was higher than the net book value, and for the other purposes for which the fair value has been less than the book value a reduction of the existing revaluation surplus was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease.

For the fixed assets that are under conservation at Agigea branch, an impairment of 155,474 RON was recognized, at the end of 2013; at 31.12.2012 the impairment was 6,739 RON.

At 31 December 2014, the company proceeded to the revaluation of means of naval transport using the opinion of some independent external evaluators, applying the same rules and methods regarding the registration of the resulting differences.

For the fixed assets that are under conservation at Agigea branch, an impairment of 195,218 RON was recognized, at the end of 2014; at 31.12.2013 the impairment was 155,474 RON.

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

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IAS 16 **14. Tangible non-current asset (continued)**

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

For constructions and ships, an increase amounted at 2,181,569 RON was recorded. However analyzed individually, there are positions that present decreases, their total value is amounted at 3,591,056 RON, out of which 3,416,821 RON were incurred from revaluation surplus previously recorded for these items and 174,235 RON were supported on costs.

Please note that further information regarding the revaluation can be found in the Administrators' report prepared and presented separately in the general meeting of shareholders.

Valuation techniques used by the evaluator for fixed assets under IFRS 13.91, were as follows:

- The cost approach for naval means of transport and for fixed assets in conservation
- The income approach for leased buildings (investment properties).

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

On December 31, 2017, the company proceeded to the revaluation of fixed assets amounted to the nature of shipping assets, using the same external independent evaluator's opinion and based on the same rules on recording differences in results. In the ordinary general meeting of shareholders, the results of this reassessment will be presented as visually distinct agenda.

For fixed assets placed in conservation at Agigea branch was recognized an impairment at the end of the year 2017 total of 304,490.18 RON (to 31.12.2016 this impairment was of 287,458.76 RON)

On December 31, 2018, the company proceeded to re-evaluate the property, buildings and ships, both at the headquarters of Orşova and at Agigea branch using the opinion of independent external evaluators. The method of reflecting revaluation in the Company's accounts was that of eliminating depreciation from the carrying amount of assets. With the value of the revaluation surplus, the balance of revaluation reserves was credited for those items whose fair value was higher than net book value, and for the other objectives for which the fair value was less than the net book value reflected the decrease of the existing revaluation surplus and / or the impairment of operating expenses in the case of previously unrecognized

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Reference *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

IAS 16 **14. Tangible Non-current Assets (continued)**

revaluation reserves or recognized revaluation reserves was insufficient to cover the decrease. In both the construction group and the ship, by total group, there are increases, totaling 5,330,995 RON. However, individually analyzed were positions where there were decreases, their total value being 1,054,765 RON, out of which: 1,047,790 RON were borne from the revaluation surplus previously recorded in these positions and the amount of 6,975 was incurred on costs.

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

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

At 31 December 2021, the Company proceeded to re-evaluate property, plant and equipment of the nature of naval transport, using the opinion of the same independent external valuer and based on the same rules on the registration of the resulting differences. For the fixed assets in conservation at the Agigea branch, a total depreciation at the end of 2021 of RON 435,721.16 was recognized (as at 31.12.2020 this depreciation was of 406,522.02 lei).

On 31 December 2022, the Company proceeded to the revaluation of property, plant and equipment of the nature of the means of naval transport, using the opinion of the same independent external valuer and based on the same rules on the registration of the resulting differences. For fixed assets located in conservation at the Agigea branch was recognized a total depreciation at the end of 2022 of 395,779.82 lei (as of 31.12.2021 this depreciation was of 435,721.16 lei).

In order to carry out these operations, the company turned to the specialized services of the evaluator DARIAN DRS S.A., headquarters in Timisoara.

Valuation techniques used by the evaluator for fixed assets under IFRS 13.91, were as follows:

- The cost approach for naval means of transport and for fixed assets in conservation
- The income approach for leased buildings (investment properties).

According to IFRS 13, valuation at fair value of buildings and means of naval shipping supposed taking into consideration the characteristics of the assets, which users of financial statements would consider in determining the price of the asset at the balance sheet date. Fair value determination was carried out by an independent external evaluator and shall be treated as level 2

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IAS 16 **14. Tangible Non-current Assets (continued)**

under IFRS 13 for the data taken into account in determining the fair values as at 31 December 2019, the date of financial reporting. At the company level, there has not been any change of the level presented by IFRS 13 for the data taken into account in determining the fair values. Also, the maximum amount for assets valued at fair value does not differ from the current amount of use.

Impairment losses and subsequent reversals

At the end of 2022, for the fixed assets in conservation at the Agigea branch, the depreciation test was also performed, being recognized a total depreciation of 395,779.82 lei, depreciation that is maintained on June 30, 2023.

Pledged or mortgaged non-tangible asset

To guarantee the multi-option and multi-currency global limit, in value of 1,500,000 (at the same level as on 30.06.2022), made available by BRD-GSG SA, the Company established the following::

- First rank mortgage on the following properties: Repair hall, New Hall, Thermal power station, Compressors Station and PSI Shed, Operating Group, Cafeteria, Merged building, all including land, toate împreună cu terenul aferent, properties assessed according to the Guarantee Monitoring Report at EUR 1,512,800 market value, registered in the Land Book Register under the numbers 1133, 1146, 1121, 1145, 1134, 1135 and 1132;
- Security interest with dispossession on a deposit in value of 401.201 EUR.
- Assignment of receivables as collateral on receipts in a total value of 16.922.627 EUR, resulting from the commercial contracts concluded by the Company with third parties, not cashed up at 30.06.2023.

Non-tangible asset under construction

On 30.06.2023, the company has unfinished investment objectives in the amount of 1,660,807 lei (3,824,331 lei on 30.06.2022). A significant share in them is represented by the modernization works of the launch pad at the Agigea branch, started more than 5 years ago, including the replacement of trolleys.

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<i>Reference</i>	<i>NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS</i>		
IAS 38	15. Intangible assets		
<i>IFRS 3.61</i> <i>IAS 38.118 (c), (e)</i>		Other assets	Total
	Cost		
<i>IFRS 3.B67</i> <i>(d)(viii),IAS 38.118</i> <i>IAS 38.118(e)</i>	Balance at 1 January 2022	1.094.898	1.094.898
	Aquisitions	4.269	4.269
	Outgoings of intangible assets	80.593	80.593
<i>IAS 38.118</i>	Balance at 30 of June 2022	1.018.574	1.018.574
	Depreciation and amortisation losses		
<i>IFRS 3.B67</i> <i>(d)(i),IAS 38.118</i> <i>IAS 38.118(e)(vi)</i>	Balance at 1 January 2022	1.074.760	1.074.760
	Amortisation during the year	5.299	5.299
	Outgoings of fixed assets	78.980	78.980
<i>IFRS 3.B67</i> <i>(d)(viii),IAS 38.118</i>	Balance at 30 of June 2022	1.001.079	1.001.079
	Accounting values		
<i>IAS 38.118(c)</i>	Balance at 1 January 2022	<u>20.138</u>	<u>20.138</u>
<i>IAS 38.118(c)</i>	Balance at 30 of June 2022	<u>17.495</u>	<u>17.495</u>
<i>IFRS 3.61</i> <i>IAS 38.118 (c), (e)</i>		Other assets	Total
<i>IFRS 3.B67</i> <i>(d)(viii),IAS 38.118</i> <i>IAS 38.118(e)</i>	Balance at 1 January 2023	1.033.977	1.033.977
	Aquisitions	73.445	73.445
	Outgoings of intangible assets	-	-
<i>IAS 38.118</i>	Balance at 30 of June 2023	1.107.422	1.107.422
	Depreciation and amortisation losses		
<i>IFRS 3.B67</i> <i>(d)(i),IAS 38.118</i> <i>IAS 38.118(e)(vi)</i>	Balance at 1 January 2023	1.006.198	1.006.198
	Amortisation during the year	15.047	15.047
	Outgoings of fixed assets	-	-
<i>IFRS 3.B67</i> <i>(d)(viii),IAS 38.118</i>	Balance at 30 of June 2023	1.021.245	1.021.245
	Accounting values		
<i>IAS 38.118(c)</i>	Balance at 1 January 2023	<u>27.779</u>	<u>27.779</u>
<i>IAS 38.118(c)</i>	Balance at 30 of June 2023	<u>86.177</u>	<u>86.177</u>

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Reference **NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS**

IAS 39 **16. Other investments, including derivative financial instruments**

The securities are recognized in the financial statements in accordance with IAS 27 (revised in 2010), IAS 36 (revised in 2009), IAS 39 (revised in 2009) and IFRS 7 (issued in 2008). From the corroboration of the provisions of the 4 standards, the company adopted the following policy for the recognition and evaluation of the shares and the securities:

- investments in subsidiaries, jointly controlled entities and associated entities are recognized at cost value;
- short-term investments held for sale not quoted on the stock exchange are recorded at cost, for the impairments being made adjustments (the treatment for the depreciation of these securities is established by IAS 39 paragraph 63);
- Short-term investments held for sale listed on the stock exchange are recorded at fair value (the value of the last trading day of the year), any gains or losses to be recognized in the capital situation. If there is objective evidence of impairment (as presented in paragraph 59 of IAS 39), as well as in the case of foreign exchange losses and gains, the loss of value will be recognized in the profit and loss account.

	30.06.2023			30.06.2022		
	Accountin g value	Imparment adjustemen ts	Net valu e	Accountin g value	Imparment adjustemen ts	Net valu e
Other investmen ts						
Long term investmen ts						
Shares detained at Kritom	684.495	684.495	0	684.495	684.495	0
Other titles detained on long term	0	0	0	0	0	0
Total investmen ts on long term	684.495	684.495	0	684.495	684.495	0

Reference *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

IAS 39 **16. Other investments, including derivative financial instruments (continued)**

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

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

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

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

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

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

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

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

On 30 June, 2022, the Company had fully set up impairments for these securities, amounted to 684,495 RON, so the net value on 30 June 2022 was 0 RON (the same situation was registered at 31 June, 2021). The factors that contributed to these depreciations are the distrust and lack of transparency shown by the Greek partner, which manages the company, as we have shown.

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

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Reference *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

IFRS 16 **17. Right-of-use assets**

As of 2019, IFRS 16 Leases has become applicable. Since the company has certain lease agreements, as a lessee, with a term of 12 months or less and small-value leases, apply for these contracts the exception for the recognition of short-term leases and small-value leases. We specify that the company, at the headquarters of the Agigea branch, holds the right to use the land owned by the National Company for the Administration of Maritime Ports Constanta.

The rent contract concluded in this regard with CNAPMC (September 2019) is valid until 2038 but contains clauses regarding the renegotiation of the tariff every 5 years and a value of the rent indexable annually.

The initial analysis of the clauses of this contract led the Company to apply the exception allowed by IFRS, respectively to consider that the conditions to recognize this contract annually as a new lease are met.

In 2021, after the review of the contract, the company concluded that the annual tariff change did not represent a material change to the contract, and decided to re-evaluate the requirements of IFRS 16. He therefore classified the contract with CNAPMC under IFRS 16 and posted a right-of-use asset and a matching lease liability.

The following are the carrying amounts of the rights of use of the recognised asset and the movements of the period:

	Total land-use rights	Total rights of use of assets
Cost		
As of 1 January 2019	0	0
Inputs	2.502.294	2.502.294
As of 31 December 2019	2.502.294	2.502.294
Inputs	94.066	94.066
As of 31 December 2020	2.596.360	2.596.360
Inputs	142.574	142.574
As of 31 December 2021	2.738.935	2.738.935
Inputs	116.674	116.674
As of 31 December 2022	2.855.609	2.855.609
Inputs	0	0
As of 30 June 2023	2.855.609	2.855.609
Amortization		
As of 1 January 2019	0	0
Depreciation of the year	125.115	125.115
As of 31 December 2019	125.115	125.115
Depreciation of the year	520.262	520.262
As of 31 December 2020	645.377	645.377
Depreciation of the year	533.595	533.595
As of 31 December 2021	1.178.973	1.178.973
Depreciation of the year	567.259	567.259
As of 31 December 2022	1.746.232	1.746.232
Depreciation of the year	329.231	329.231
As of 30 June 2023	2.075.463	2.075.463
Net book value		
As of 31 December 2019	2.377.179	2.377.179
As of 31 December 2020	1.950.983	<u>1.950.983</u>
As of 31 December 2021	1.559.962	<u>1.559.962</u>
As of 31 December 2022	1.109.377	<u>1.109.377</u>
As of 30 June 2023	780.146	<u>780.146</u>

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Reference **NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS**

IAS 40 **18. Real estate investments**

		<u>2023</u>	<u>2022</u>
<i>IAS 40.76(a)</i>	Balance on 1 January	596.638	522.236
<i>IAS 40.76(f)</i>	Acquisitions	0	71.537
<i>IAS 40.76(d)</i>	Transfer from property, plant and equipment	0	0
<i>IAS 40.76(d)</i>	Disposals/impairments, transfer to property, plant and equipment	0	0
	Balance at 30 June	<u>596.638</u>	<u>593.773</u>

Starting with September 2019, the Agigea branch proceeded to rent a building located in Constanta, called "Headquarters", to the companies City Protect and Protect Instal. The rental period, according to the contracts in force, ends on 31.12.2024.

The company measures investment property at fair value, with changes in fair value recognised in the statement of profit or loss and other comprehensive income.

On 31.12.2022 the real estate investment was revalued by an independent external valuer. The valuation method used was the income approach.

In 2022, the Company carried out a series of modernization works on this real estate investment.

19. Stock

	30.06.2023	30.06.2022	
<i>IAS 1.78 (c),2.36(b)</i>	Raw materials and materials	11.374.923	27.152.200
<i>IAS 1.78(c), 2.36(b)</i>	Production in progress	32.464.668	23.569.180
<i>IAS 1.78(c), 2.36(b)</i>	Waste products	-	798
	Impairment adjustments	(674.372)	(589.946)
	Stocks at net value	<u>43.165.219</u>	<u>50.132.232</u>

IAS 1.104,
2.36(e)(f)

For stocks of raw materials and materials older than 2 years (for sheet stocks older than 3 years), existing in balance at the end of 2022, without movement, the company proceeded to adjust the book value, constituting a total depreciation of 674,372 lei, which remains at the same value on 30.06.2023.

Compared to the corresponding period of last year, there is a decrease in stocks (by 13.90%), mainly due to stocks of raw materials and materials, in direct correlation with contracted production, but we also notice a significant increase in production in progress (by 37.74%).

20. Fixed assets held for sale

In 2017, the company, following the decision of the administrators, reclassified a series of assets into Non-current assets held for sale; They were measured at the date of reclassification at the lower of net carrying amount and fair value less costs to sell.

During 2021, the last assets reclassified in this category were sold, namely the two plots owned by the company in the Gratca area, Orşova.

On 30.06.2023 the company no longer holds such assets.

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Reference NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS

21. Trade and similar receivables, other receivables and advances

		30.06.2023	30.06.2022
<i>IAS 1.78 (b)</i>	Trade receivables in relation to related parties	-	-
	Loans to executives	-	-
<i>IAS 1.78 (b)</i>	Trade receivables	11.094.130	15.341.281
	Adjustments for the impairment of trade receivables	(166.620)	(166.620)
<i>IFRS 7.8(c)</i>	Net commercial loans and receivables	10.927.510	15.174.661
	Claims - total	1.872.634	4.289.865
	Different debtors	448.286	346.872
	Suppliers - debtors	-	28.638
	VAT to be recovered and not exigible	1.302.179	3.738.467
	Adjustment for other receivables	(513.248)	(340.174)
	Expenses registered in advance	385.908	450.387
	Other receivables	249.509	65.675
	Total	12.800.144	19.464.526

As for trade receivables, on 30.06.2023 they are at a lower level than those recorded at the end of the corresponding period of the previous year, but are related to current supplies of goods and services, with maturities in the next period.

As regards the amount of VAT to be recovered, it is lower than that recorded in the corresponding period of 2022.

During the period 01-30.06.2023, no movements of the Company's impairment accounts related to adjustments of trade receivables were recorded

The receivables considered in this note do not include receivables presented in the category of non-current assets.

22. Trade payables and other liabilities

	30.06.2023	30.06.2022
Trade payables – short term	5.254.668	7.914.134
Social security and other taxes and fees	1.595.992	2.996.842
Suppliers – unsecured invoices	1.752.631	1.356.336
Clients- creditors	12.490.161	17.281.523
Other debts	1.834.750	1.690.529
Commercial debts – long term	224.820	766.238
Total	<u>23.153.022</u>	<u>32.005.602</u>

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Reference *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

22. Trade payables and other liabilities (continued)

Trade liabilities refer to payment obligations to suppliers, down compared to the same period of 2022. and advances received from customers, also lower than in the corresponding period of the previous year. We also note a decrease in social security obligations and other taxes and fees due to the state budget, their balance on 30.06.2023 representing current debts whose payment, by compensation or payment was made after June 30, 2023.

23. Loans Leasing obligations

Finance leases

As of June 30, 2023, the Company has no financial leasing contracts.

Operating leases

The total commitments contained in the leasing contract concluded with the National Company Constanta Maritime Ports Administration on June 30, 2023, recognized in accordance with IFRS 16, is RON 827,907. When updating the leasing payments, as the company has no other contracted loans, it used the NBR monetary policy interest rate of 6.75%.

The maturity of lease liabilities is as follows:

	2023	2022
Initial year	-	-
Year 1	-	-
Year 2	-	-
Year 3	-	568.917
Year 4	634.972	580.401
Year 5	505.079	442.976
Total	1.140.051	1.592.294
Debt balance June 30	827.907	1.309.256
Long-term	171.200	738.294
Short-term	656.707	570.962

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Reference NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS

24. Cash and cash equivalents

	30.06.2023	30.06.2022
Bank accounts in lei	2.291.603	2.195.807
Bank accounts in foreign currency	3.576.908	7.714.163
Petty cash in lei	8.668	8.005
Other values	6.531	6.388
Total	<u>5.883.710</u>	<u>9.924.363</u>

The total amounts of cash and cash equivalent decreased compared to the previous period (by 40.71%). A main influencing factor in this decrease is the distribution, at the end of last year, of dividends according to the Decision of the Ordinary General Meeting of Shareholders no. 55 / 24.11.2022.

25. Capital and reserves

Capital social

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

The shareholders' structure as at 30 June 2023 has not undergone changes compared to the one existing on the reference date of 04.04.2023, the date chosen for the AGOA of April 20, 2023, respectively:

	Number Of shares	<u>Amount</u> (lei)
Transilvania Investments Alliance	5.711.432	14.278.580
Infinity Capital Investments	3.200.337	8.000.843
SIF 4 Muntenia	1.504.600	3.761.500
Other corporate shareholders/individual shareholders	1.006.550	2.516.375
	<u>11.422.919</u>	<u>28.557.298</u>

The subscribed and paid-up share capital is 28,557,298 lei, divided into a number of 11,422,919 registered and dematerialized shares, each worth 2.50 lei.

The shares of the company are nominative, dematerialized, ordinary and indivisible.

The identification data of each shareholder, the contribution of each to the share capital, the number of shares owned and the share of the shareholder's participation in the total share capital are mentioned in the register of shareholders kept by the register company contractually designated for this purpose.

Each share subscribed and paid up by the shareholders according to the law, confers on them the right to a vote in the General Meeting of Shareholders, the right to elect or be elected to the management bodies, the right to participate in the distribution of profit or any rights derived from the capacity of shareholder.

Holding the action implies the rightful adherence to the statute and subsequent amendments.

In the period 01.01-30.06.2023 there were no changes in the share capital.

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Reference *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

26. Employees benefits

a) Remuneration of directors and administrators

In order to exercise the management activity, the Company is obliged to pay to the directors a fixed monthly remuneration, established by the articles of association or the decision of the general meeting of shareholders, as the case may be, and a variable remuneration in relation to the manner of achieving the objectives and performance indicators, annex to the management contract.

The fixed monthly remuneration of directors for the period 01 January - 30 June 2023 amounted to 298,532 lei and for the corresponding period of the previous year amounted to 298,998 lei, in accordance with the provisions of the Articles of Association.

For 2022, variable remuneration for directors and managing director was not approved.

The company did not grant advances or credits to directors or directors during the first 6 months of 2023.

Wage expenses:

	Financial exercise	Financial exercises
	End at	End at
	<u>30 June 2023</u>	<u>30 June 2022</u>
	(lei)	(lei)
Administrators	298.532	298.998
Directors	651.436	597.823
	<u>949.968</u>	<u>896.821</u>

During the first semester of 2023, there were changes in the composition of the Management Board. The Board of Directors of Santierul Naval Orsova S.A., meeting on 06.06.2023, taking note of the termination of the mandate of administrator of Mr. Sperdea Mircea Ion following the renunciation of the mandate starting with 01.06.2023, decided to appoint Mr. Chindris Gheorghe as provisional administrator, for a mandate between 06.06.2023 and the date of the AGOA meeting.

Thus, the composition of the Board of Directors on 30.06.2023 is as follows:

Mr. Rosca Radu-Claudiu – president

Mr. Enescu Radu-Valentin – vice-president

Mr. Chindris Gheorghe – member

Mr. Zoescu Mihai - member

Mr. Mihai Constantin-Marian – member

The allowances and other rights granted to directors are provided for in Art. 19 of the Articles of Association and in the management contracts, which were approved in the General Meeting of Shareholders on December 28, 2021, respectively in the General Meeting of Shareholders on May 29, 2023, and the salary and other rights due to the General Manager were established by the Board of Directors, within the limits provided in art. 22 of

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Reference *NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS*

26. Employees benefits (continued)

the Articles of Association and, respectively, of the Mandate Agreement concluded between the Board of Directors and the General Manager.

The mandate of the current Board of Directors ends on December 28, 2025 and that of the General Manager ends on 09.11.2026.

Salaries payable at the end of the period:

	<u>30 June 2023</u>	<u>30 June 2022</u>
	(lei)	(lei)
Administrators	28.879	29.154
Directors	28.007	31.221
	<u>56.886</u>	<u>60.375</u>

b) Employees

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

	Financial exercise Ended at <u>30 June 2023</u>	Financial exercises Ended at <u>30 June 2022</u>
Administrative staff	46	49
Direct productive staff	227	234
Indirect productive staff	64	62
	<u>337</u>	<u>345</u>

27. Other information, implications of the conflict between Russia and Ukraine on the half-yearly report

In the current context arising from the ongoing armed conflict in Ukraine and the international restrictions imposed on Russia based on the information available to it, the company considers that there are no significant uncertainties, in accordance with paragraph 25 of IAS 1, for the continuation of the business and there are no indications leading to impairment of the assets held, in accordance with IAS 36. However, we are facing uncertainties in the economic and financial plan that can determine unpredictable developments regarding the level of economic and financial indicators budgeted by the Company.

The company has sufficient financial resources to ensure financial stability, there is no liquidity risk or negative influences on cash flows.

The company's management has as permanent objectives the analysis of the future impact of the factors presented above on financial performance and taking appropriate measures to reduce the related risks.

The IFRS-compliant separate financial statements prepared for the period 01.01-30.06.2023 were approved by the Board of Directors on August 9, 2023 and were signed by:

Administrator
Ec.Radu Claudiu Rosca

Issued
Ec. Marilena Visescu

STATEMENT

The undersigned ec. Radu-Claudiu Rosca – President of the Board of Directors and ec. Marilena Visescu – economic director of the company Shipyard Orşova SA, with administrative headquarters in Orşova Municipality, TUFARI Street, no.4, Mehedinti County, declare that to our knowledge, the half-yearly financial and accounting statement for the first semester of 2023, which was prepared in accordance with the applicable accounting standards (IFRS), provides a correct and true picture of the the assets, liabilities, financial position, profit and loss account of the company indicated above.

Please note that the company has no subsidiaries.

We also declare that the Report of the Board of Directors of Shipyard Orsova SA, prepared for the first semester of 2023, presents correctly and completely the information provided for this period.

PRESIDENT OF THE MANAGEMENT BOARD: Ec. Radu-Claudiu Rosca

ECONOMIC MANAGER: Ec. Marilena Visescu