ŞANTIERUL NAVAL ORŞOVA S.A.
Nr. RC J25/150/1991 CIF: RO 1614734
Capital social: - subscris 28.557.297,5 lei
- varsat 28.557.297,5 lei
Str. Tufări, nr. 4, Orşova, 225200, Mehedinţi
Tel.: 0252/362.399; 0252/361.885; Fax: 0252/360.648
E-mail: mircea.sperdea@snorsova.ro; marketing@snorsova.ro
Codul LEI (Legal Entity Identifier): 254900UXAJ8TPIKLXG79
Cod IBAN: RO96RNCB0181022634120001- B.C.R. Orşova
Cod IBAN: RO59BRDE260SV03176142600- B.R.D. Orşova

Financial results at 30.09.2023

Societeatea Santierul Naval Orsova S.A. achieved in the period 01.01-30.09.2023 a turnover of 81,793,315 lei, an increase of 87.11% compared to the same period of the previous year and, as can be seen from the table below, on total activity there is a gross profit of 4,462,476 (on 30.09.2022 a gross loss of 2,249,461 lei was recorded) and a net profit in the amount of 3,984,405 lei (in the corresponding period of 2022 a net loss of 2,325,391 lei was recorded).

In the period 01.01-30.09.2023, operational revenues, in the amount of 82,125,491 lei, increased by 85.97% compared to those recorded in the similar period of 2022 (44,161,460 lei), mainly due to the production program for This year. Operational expenses, in the amount of 77,863,065 lei, and in close correlation with operational revenues, in the 9 months of 2023 also registered an increase of 66.07%. compared to their level from the similar period of 2022 (46,885,396 lei).

From the financial activity, significantly influenced by the evolution of the exchange rate, the company achieved in this period a profit in the amount of 200,050 lei, lower by 57.84% than the one achieved in the similar 9 months of 2022 (474,475 lei).

In the period 01.01-30.09.2023 the company Santierul Naval Orsova S.A. recorded the following financial results:

Indicators (lei)	Cumulative achievements at 30.09.2023	Cumulative achievements at 30.09.2022	Evolution 2023/2022 %
Turnover	81.793.315	43.713.696	87,11
Total incomes	82.767.055	44.995.690	83,94
Total expenses	78.304.579	47.245.151	65,74
Gross profit/(Gross loss)	4.462.476	(2.249.461)	-
Net profit/(net loss)	3.984.405	(2.325.391)	-

The report prepared for the period January-September 2023 can be consulted by accessing the link below:

President of the Board of Directors
Ec. Radu-Claudiu Rosca

Economical Manager
Ec.Marilena Visescu

QUARTERLY REPORT
30 SEPTEMBER 2023

CONTENTS	PAGE

ŞANTIERUL NAVAL ORŞOVA S.A.
No. RC J25/150/1991 CIF: RO 1614734
Share capital: - issued 28.557.297,5 lei
- paid up 28.557.297,5 lei
No. 4. Tufări Street, Orşova, 225200, Mehedinţi
Tel.: 0252/362.399; 0252/361.885; Fax: 0252/360.648
E-mail:mircea.sperdea@snorsova.ro; marketing@snorsova.ro
Codul LEI (Legal Entity Identifier): 254900UXAJ8TPIKLXG79
IBAN code: RO96RNCB0181022634120001- B.C.R. Orşova
IBAN code: RO59BRDE260SV03176142600- B.R.D. Orşova

QUARTERLY REPORT CORRESPONDING TO THE IIIrd TRIMESTER OF 2023, IN COMPLIANCE WITH THE LAW NO. 24/2017 AND TO THE ASF REGULATION NO. 5/2018
concerning the issuers of financial instruments and market operations

DATE OF THE REPORT: 06.11.2023

Name of the trading company: ŞANTIERUL NAVAL ORŞOVA S.A.;
Registered office: 4, TUFĂRI Street, ORŞOVA, MEHEDINŢI County;
Telephone/fax:0252/362399 0252/360648;
Single registration code issued by the Trade Register: RO 1614734;
Registered number with the Trade Register's Office: J25/150/03.04.1991;
Code Lei: 254900UXAJ8TPIKLXG79
Subscribed and paid in share capital: 28,557,297.5 Lei
Number of shares: 11.422.919 common shares, of 2,5 lei each;
Regulated market where the issued securities are traded: Bucharest Stock Exchange-category Standard (symbol: SNO)

A. FINANCIAL AND ECONOMICAL INDICATORS ON THE DATE OF 30th of September 2023 (APPENDIX NO. 13 TO THE ASF REGULATION no. 5/2018)

DESCRIPTION OF THE INDICATOR	CALCULATION MANNER	RESULT
1. Indicator of current cash-deposit$^{)}$	Current assets / Current debts	4,94
2.Indicator of the degree of indebtness$^{2)}$	Borrowed capital*100 / Own capital	0 (zero)
3. Rotation speed of the debits - clients$^{3)}$	Average balance clients*270 / Turnover	28 DAYS
4. Rotation speed of the fixed assets$^{4)}$	Turnover / Fixed assets	2,15

NOTE:

1) Offers guarantees for the coverage of the current debts from the current assets. The recommended acceptable value is approximately 2.
2) Expresses the effectiveness of the management of credit rosk, indicating potential financing issues, of cash-deposit with influences in the fulfillment of the undertaken committments. Șantierul Naval Orșova has no crediting contract exceeding 1 year, and, subsequently, this indicator is 0 (zero)
3) It expresses the effectivenes of the company in collecting their account receivables, namely the number of days until the date when the debtors pay their debts towards the company
4) It expresses the effectiveness of the fixed assets management, by examining the turnover generated by a certain amount of fixed assets.

B. OTHER INFORMATION

In the third quarter of 2023, compared to the provisions of BVC, operating revenues were achieved at a rate of 103.08% and compared to the corresponding period of last year were significantly higher (by 85.97%):

- Provided BIE quarter III.2023	79.671.826 lei
- Realized quarter III.2023	82.125.491 lei
- Realized quarter III.2022	44.161.460 lei

During this period, at the company's headquarters, a number of 5 ships were completed and delivered to external customers, respectively 2 stainless steel tanks of 86 m length, two tanks of 110 m length and a container ship of 110 m length (in the corresponding period of the previous year 3 ships were completed and delivered). A fully equipped RORO pontoon was also delivered to an internal customer.

Operating expenses, in correlation with operating income, recorded values higher by 2.74% compared to budget provisions and by 66.07% compared to those recorded in the similar period of 2022.

Of the 5 barges existing at the Agigea branch, two were leased during this period, and the revenues from the ship repair activity were at a level close to that achieved in the corresponding period of the previous year.

The result of the operational activity, both at the Orsova headquarters and at the Agigea branch, was positive, the profit achieved on 30.09.2023 being superior to the provisions of BVC.

As far as the financial activity of the company is concerned, the profit was made as a result of the company's management's concern to perform hedging operations - to protect the exchange rate, but also as a result of the positive influences generated by the evolution of the exchange rate.

The separate financial statements as at 30.09.2023, respectively: Statement of financial position, Statement of profit or loss and other comprehensive income, Statement of changes in equity, Statement of cash flows and Notes to the financial statements are annexed to this report, with the following details:

- the figures from the reporting forms are expressed in lei;
- the reporting data as at 30.09.2023 were not audited by an independent external financial auditor.

- Compared to the provisions of the BIE for the third quarter of 2023, the situation of the result is as follows:

- Operational result:
  - BIE provided 3.885.956 lei
  - Realized 4.262.426 lei
- Financial result:
  - BIE provided 67.500 lei
  - Realized 200.050 lei
- Gross result:
  - BIE provided 3.953.456 lei
  - Realized 4.462.476 lei

In the similar period of 2022, the company recorded a gross loss of 2,249,461 lei.
On 30.09.2023, the company had no bank loans, and cash and cash equivalents amounted to 7,964,911 lei.
The company had no outstanding obligations to suppliers, the state budget, employees and other creditors, all of which were paid within the legal/contractual term.
The company incurred investment expenses in the 9 months of 2023 in the amount of 2,963,789 lei, compared to 4,090,000 lei provided in the BVC. In the corresponding period of last year, expenses of this nature amounted to 1,240,242 lei.

Reference **STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2023**

Reference		Note	30.09.2023	31.12.2022
IAS 1.10(a), 113			RON	RON
	Assets			
	Fixed assets			
IAS 1.54(a)	Tangible assets	*14*	36.669.400	38.759.783
	Freehold land and land improvements	*14*	1.201.941	1.201.941
	Buildings	*14*	18.229.258	19.796.944
	Plant and machinery, motor vehicles	*14*	15.823.484	16.464.094
	Fixtures and fittings […]	*14*	104.165	76.778
	Tangible assets in progress	*14*	1.310.552	1.220.026
IAS 1.54I	Intangible assets	*15*	77.288	27.779
	Other intangible assets	*15*	77.288	27.779
IFRS 16,IAS 8	Rights to use the leased assets	*17*	615.530	1.109.377
IAS 1.54(h)	Trade receivables and other receivables		6.000	8.956
IAS 1.54(b)	Investment property	*18*	596.638	596.638
IAS 1.54(o), 56	Deferred tax assets		11.651	115.769
IAS 1.60	**Total fixed assets**		**37.976.507**	**40.618.302**
IAS 1.54 (g)	Inventories	*19*	29.149.857	50.813.700
IAS 1.54(h)	Trade receivables and other receivables	*21*	15.464.362	1.987.659
IAS 1.55	Accrued expenses	*21*	296.869	161.622
IAS 1.54(d)	Short term investments		5.995.815	3.485.023
IAS 1.54(i)	Cash and cash equivalents	*24*	7.964.911	8.852.408
IFRS 5.38-40	Non-current assets held for sale	*20*	1.417.914	0
IAS 1.60	**Total Current Assets**		**60.289.728**	**65.300.412**
	Total Assets		**98.266.235**	**105.918.714**
	Equity			
IAS 1.54I, 78(e)	Share capital	*25*	28.557.298	28.557.298
IAS 1.55, 78(e)	Share premium		8.862.843	8.862.843
IAS 1.54I, 78(e)	Reserves		47.524.827	47.901.179
	Result for the period		3.984.405	(4.215.117)
IAS 1.55, 78(e)	Retained earnings		(2.946.544)	892.220

Reference	**STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2023 (continued)**	**Note**	**30.09.2023**	**31.12.2022**
			RON	**RON**
	Other elements of equity		(3.816.158)	(4.014.451)
	Total equity		**82.166.671**	**77.983.972**
	Liabilities			
	Long-term liabilities			
IAS 1.54(o), 56	Deferred tax liabilities		3.833.630	4.031.923
IFRS 16,IAS 8	Other debts, including lease liability	*22,23*	56.094	555.829
IAS 1.60	**Total long-term liabilities**		**3.889.724**	**4.587.752**
	Current liabilities			
IAS 1.54(k)	Trade payables and other debts, including derivatives	*22,23*	12.135.718	21.665.023
IAS 1.55,11.42(b)	Deferred income		1.306	2.375
IAS 1.54(l)	Provisions		72.816	1.679.592
IAS 1.60	**Total current liabilities**		**12.209.840**	**23.346.990**
	Total Liabilities		**16.099.564**	**27.934.742**
	Total Equity and Liabilities		**98.266.235**	**105.918.714**

Reference **STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AT 30 SEPTEMBER 2023**

Reference		Note	30.09.2023	30.09.2022
			RON	RON
	Continuing operations			
IAS 1. 82(a)	Income	*5*	79.879.184	43.401.890
IAS 1.99,103	Other income	*6*	2.246.307	759.570
	Total Operational Income		**82.125.491**	**44.161.460**
	Expenses related to inventories	*7*	(37.229.862)	(16.647.770)
	Utility expenses	*8*	(1.389.498)	(1.139.791)
	Employee benefits expenses	*9*	(24.667.173)	(19.076.388)
	Depreciation and amortization expenses	*14,15*	(3.934.214)	(2.708.384)
	Depreciation expenses related to rights-of-use for leased assets	*17*	(493.847)	(425.444)
	Gains/losses on disposal of property		(7.161)	(24.228)
	Increase/(Decrease) of receivables allowances and inventory write-down	*10*	0	9.779
	Increase/(Decrease) of provision expenses		1.606.776	431.836
IAS 1.99, 103	Other expenses	*11*	(11.748.086)	(7.305.006)
	Total Operational expenses		**(77.863.065)**	**(46.885.396)**
	The result of operational activities		**4.262.426**	**(2.723.936)**
	Financial income	*12*	641.564	834.230
IAS 1.82(b)	Financial expenses	*12*	(441.514)	(359.755)
	Net financial result	***12***	**200.050**	**474.475**
IAS 1.85	**Result before taxation**		**4.462.476**	**(2.249.461)**
	Current income tax expenses	*13.a*	(373.953)	0
	Deferred income tax expenses	*13.a*	(104.118)	(69.094)
	Specific taxation expenses	*13b*	0	(6.836)
IAS 1.85	**Result for continuing operations**		**3.984.405**	**(2.325.391)**
IAS 1.82(f)	**Result for the period**		**3.984.405**	**(2.325.391)**

Reference	**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AT 30 SEPTEMBER 2023 (continued)**	**Note**	**30.09.2023 RON**	**30.09.2022 RON**
	Other comprehensive income			
IAS 1.82(g)	Reevaluation of tangible assets		(376.352)	0
IAS 1.85	Other comprehensive income after taxation		(376.352)	0
IAS 1.82 (i)	**Total comprehensive income for the period**		**3.608.053**	**(2.325.391)**
	Attributable profit			
IAS 1.83(b)(ii)	Shareholders		**3.984.405**	**(2.325.391)**
	Profit for the period		**3.984.405**	**(2.325.391)**
	Total attributable comprehensive income			
IAS 1.83(b)(ii)	Shareholders		**3.608.053**	**(2.325.391)**
	Earnings per share			
IAS 33.66	Basic earnings per share		0,35	(0,20)
IAS 33.66	Diluted earnings per share		0,35	(0,20)
	Continuing operations			
IAS 33.66	Basic earnings per share		0,35	(0,20)
IAS 33.66	Diluted earnings per share		0,35	(0,20)

Reference **STATEMENT OF CHANGES IN EQUITY**

		Attributable to equity holders								
IAS 1.108,109		**Share capital**	**Share premium account**	**Revaluation reserve**	**Other reserves**	**Retained earnings**	**Result for the period**	**Other elements of equity**	**Profit appropriation**	**Total equity**
	Balance at December 31, 2021	**28.557.298**	**8.862.843**	**30.246.300**	**24.650.646**	**941.454**	**(153.870)**	**(4.338.244)**	**-**	**88.766.427**
IAS 1.106(d)(i)	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	**28.557.298**	**8.862.843**	**29.304.680**	**18.596.499**	**892.220**	**(4.215.117)**	**(4.014.451)**	**-**	**77.983.972**
IAS 1.106(d)(i)	Loss /Net profit for the year	-	-	-	-	(4.215.117)	8.199.522	-	-	3.984.405
	Transfer in reserve	-	-	376.352	-	376.353	-	198.293	-	198.294
	Balance at September 30, 2023	**28.557.298**	**8.862.843**	**28.928.328**	**18.596.499**	**(2.946.544)**	**3.984.405**	**(3.816.158)**	**-**	**82.166.671**

Reference **STATUS OF THE TREASURY CASH FLOW**

Reference	For the financial year ending 30 September	Note	2023	2022
IAS 1.10(d), 113	**For the financial year ending 30 September**	**Note**	**2023**	**2022**
	Treasury Cash Flow for operating activities			
	Profit of the period		3.984.405	(2.325.391)
	Adjustment for:			
	Depreciation of intangible and tangible assets	*14,15,17*	4.042.993	3.275.689
	Net expenses / (net income) with provisions		(1.606.776)	(431.836)
	Depreciation of current assets	*10*	0	(9.779)
	Losses on the disposal of fixed assets		7.161	24.228
	Expenses on the delayed income tax	*13a*	373.953	0
	Expenses from the delayed income tax	*13a*	104.118	69.094
	Specific activities tax expenses	*13b*	0	6.836
	Cash Flow from operating activities before the working capital		**6.905.854**	**608.841**
	Amendment of the working capital:			
	Stocks modification		20.245.929	(23.619.417)
	Modification of the commercial account receivables and of		(13.393.840)	1.106.127
	Modification of the advanced expenses		(135.247)	(23.853)
	Modification of the commercial debts and of other debts		(8.499.514)	15.954.532
	Cash flow generated from operating activities		**5.123.182**	**(5.973.770)**
	Interest paid (leasing)		(76.128)	(21.055)
IAS 7.35	Profit /specific tax paid		0	(6.836)
IAS 7.10	**Net cash flow from operating activities**		**5.047.054**	**(5.959.551)**
	Treasury Cash Flow from investment activities			
IAS 7.31	Cashed interests		124.104	10.791
IAS 7.16(a)	Tangible and intangible assets acquisition	*14,15*	(2.963.789)	(1.240.242)
	Short term investments		(2.510.792)	(398.437)
IAS 7.10	**Net cash used in investment activities**		**(5.350.477)**	**(1.627.888)**
	Treasury cash flow from financing activities			
IAS 7.31	Paid dividends		(84.498)	(65.193)
	Increase (repayment) of loans (leasing)		(499.576)	(425.620)
IAS 7.10	**Net cash from (used in) financing activities**		**(584.074)**	**(490.813)**
	Net increase/decreases of the cash flow and of the cash flow equivalents		**(887.497)**	**(8.078.252)**
	Cash Flow and equivalents from 1st of January		**8.852.408**	**14.365.368**
	Cash flow and cash flow equivalents at 30th of September		**7.964.911**	**6.287.116**

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

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

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

IAS 1.51(a)-(c) The separate financial statements in accordance with IFRS have been prepared for the year ended 30 September 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 prepared Separate Financial Statements for the period 01.01-30.09.2023 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 November 6th, 2023.

The financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position, for which the revaluation model (fair value) has been chosen:

IAS 1.117(a)

- Real estate investments;
- Buildings
- Naval means of transport.

b. Functional currency and presentation currency

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

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

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

a. 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.

b. 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.

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

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

c. Presentation of financial statements

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

Comparative information has been presented so that they are in accordance with the revised standard. As the impact of change in accounting policy is reflected only on presentation aspects, there is no impact on earnings per share.
IAS 1 Presentation of Financial Statements is basis for the financial statements presentation to ensure comparability both with the entity's financial statements for previous periods and with the financial statements of other entities.

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

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

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

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

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

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

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

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

d. Standards and interpretations available in the current period

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

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

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

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

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

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

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

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

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

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

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

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

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

IAS 1.112(a)

3. Significant accounting policies

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

IAS 1.41

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

a. Foreign currency

(i) Transactions in foreign currency

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

b. Financial instruments

(ii) Share capital

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

c. Tangible Assets

IAS 16.73 (a)

(i) Recognition and evaluation

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

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

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

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

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

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

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

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

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

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

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.

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

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

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

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

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

(ii) Reclassification to investment property

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

(iii)Depreciation of tangible non-current assets

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

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

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

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

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

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

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

(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.

d. Intangible Assets

(1) Cost

(i) Software

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

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

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

IAS 1.112(a)
117(a)

3. Significant accounting policies (continued)

(ii) Other intangible assets

All other intangible assets are recognized at cost.

Intangible assets are not revalued.

(2) Amortization

(i) Software

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

(ii) Other intangible assets

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

e. Rights-of-use for leases assets

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

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

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

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

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

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

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

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

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

Rights-of-use assets

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

f. Investment property

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

(a) used for production or supply of goods or services or for administrative purposes; or

(b) to be sold in the ordinary course of business.

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

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

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

g. Inventories

Inventories are assets:

- Held for sale in the ordinary course of business;

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

- Raw materials and consumables.

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

IAS 1.112(a)
117(a)

3. Significant accounting policies (continued)

Measurement of inventories

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

Cost of inventories

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

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

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

h. Impairment

(i) Financial assets (including receivables)

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

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

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

i. Employee benefits

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

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

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

j. Provisions

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

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

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

(2) Provisions for litigation

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

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

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

(3) Provisions for guarantees

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

k. Revenue

Revenue refers to goods sold and services rendered.

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

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

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

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

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

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

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

IAS 1.112(a) 117(a)

3. Significant accounting policies (continued)

m. Income tax

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

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

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

4. Determination of fair value

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

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

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

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

4. Determination of fair value (continued)

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

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

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

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

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

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

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

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

5. Incomes

		30.09.2023	30.09.2022
IAS 18.35(b) (i)	*Sales of goods*	72.163.121	36.060.496
IAS 18.35(b) (ii)	Rendering of services	7.716.063	7.341.394
	Total	**79.879.184**	**43.401.890**

The revenues achieved in the period 01.01-30.09.2023 are higher by 84.05% compared to those of the corresponding period of last year, mainly due to the increase in revenues from the sale of vessels built at the main office in Orsova. During this period, the Company completed and handed over to external customers a number of 5 vessels (3 vessels in the corresponding period of 2022) and a RORO pontoon to an internal customer. 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 (ship repairs and other services) increased by 5.10%.
Such disclosures shall be made by the Company in accordance with IFRS 8.

6. Other incomes

	30.09.2023	30.09.2022
Income from rents (other than rent real estate investments)	1.914.131	311.807
Other operational incomes	332.176	447.763
Total	**2.246.307**	**759.570**

In the period 01.01 - 30.09.2023, these revenues are at a higher level than in the corresponding period of the previous year (increase by 195.73%). The amounts realized during this period and entered in the rental income position (increase by 513.88%) are mainly related to the lease contracts of spaces in the patrimony of the Agigea branch, but also from the rental of two salandas out of the 5 owned by the branch. As regards the amount shown under Other operating income, it is mainly due to income received as penalties as a result of non-compliance with delivery deadlines by the supplier Industeel Belgium.

7. Outgoings on stocks

	30.09.2023	30.09.2022
Expenses with raw materials	25.238.362	10.572.897
Expenses of consumable materials, from whom:	11.193.600	5.459.744
Expenses *of auxiliar materials*	*10.310.988*	*4.991.308*
Expenses *of fuel*	*334.510*	*237.822*
Expenses *with spare parts*	*364.654*	*150.167*
Expenses *of other consumable materials*	*183.448*	*80.447*
Expenses regarding materials of nature inventory items	403.866	293.577
Expenses of unstocked materials	366.914	169.105
Expenses regarding goods	32.330	153.284
Received discount	(5.210)	(837)
Total	**37.229.862**	**16.647.770**

In the 9 months of 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 is a significant increase in stock expenses compared to the corresponding period of the previous year, this being due to the volume of production completed and delivered in the reference period.
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

	30.09.2023	30.09.2022
Expenses with energy	1.346.010	1.110.460
Expenses with water	43.488	29.331
Total	**1.389.498**	**1.139.791**

Between 01.01-30.09.2023, utility expenses are at a higher level than in the corresponding period of the previous one - an increase of 21.90%, given that the realized production (revenues) increased, but also the 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.

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

IAS 1.104 **9. Staff costs**

	30.09.2023	**30.09.2022**
Personnel expenses	22.678.654	17.463.561
Expenses with contributions to compulsory social insurance	1.988.519	1.612.827
Total	**24.667.173**	**19.076.388**
Medium number of employees	**328**	**337**

In the analyzed period of 2023, wage expenses increased by 29.31% 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 9 months of 2023 and to the increase in the employment salaries of the Company's staff, starting with May 2023, by an average percentage of 10%, respectively to the increase, starting with January 2023, of the value of the meal voucher from 25 lei / meal ticket to 30 lei / meal ticket.
In the same proportion with the increase in salary expenditures, expenses on labor insurance contribution, insurance and social protection also increased.

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 adjustement of current asset

	30.09.2023	**30.09.2022**
Losses(Profit) on receivables and various debtors	-	(4.014)
Income from adjustments for impaiment of current assets	-	(5.765)
Total	-	**(9.779)**

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. During 01.01-30.09.2023, no such operations were carried out.

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

IAS 1.97 **11. Other outgoings**

	30.09.2023	30.09.2022
Expenses with maintenance and repairs	141.153	286.880
Expenses with royalties, managed locations and rents	63.266	60.421
Expenses with premium insurance	120.083	105.926
Expenses with commisions and fees	-	14.089
Protocol, advertising and advertising expenses	25.103	13.475
Goods and personel transport expenses	1.326.567	1.355.789
Travel expenses, secondments and transfers	67.342	26.719
Postage and telecommunications expenses	37.883	36.974
Banking services expenses	42.420	82.289
Other expenses for services performed by third parties	9.477.087	4.747.996
Expenses with other taxes and fees	322.799	329.971
Expenses for environment protection	8.455	11.809
Expenses with fixed assets held for sale	-	-
Other operational expenses	115.978	232.668
Total outgoings	**11.748.086**	**7.305.006**

During the period 01.01-30.09.2023, the above level of expenses increased by 60.82% 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 being delivered 5 vessels and a pontoon (3 vessels delivered in the similar period of 2022).

We will explain below some of the positions that hold a significant share in total expenses:

 There is a decrease in maintenance and repair expenses, during the analyzed period the Company performing a lower volume of expenses of this nature.

 Expenses with the transport of goods and people, expenses that are closely related to the volume of sales revenues, refer in particular to the transport of 3 river vessels built at the main headquarters, on the route: Orşova – Rotterdam. Please note that, in accordance with the contractual provisions, the transfer of ownership is made with the delivery of the ships at these points, throughout the transport period the vessels being insured by the Company, according to the contractual clauses.

 The volume of third-party benefits increased compared to the 9 months of 2022. During the analyzed period, the company, given the shortage of workforce, resorted to a greater extent to subcontractors. 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, during the period corresponding to the previous year), and for internal audit services the amounts paid between 01.01-30.09.2023 were 31,861 lei, including VAT (21,146 lei, including VAT, in the corresponding period of the previous year).

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

IAS 1.97 **11. Other outgoings (continued)**

 As regards the Other expenses item, there is a decrease of 50.15% in their level compared to those recorded in the similar period of 2022.

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

Recognized in the profit or loss account:

		30.09.2023	30.09.2022
IFRS 7.20 (b)	Interest income from bank deposits	102.849	8.371
IAS 21.52 (a)	Incomes from exchange rates differences	538.715	825.859
	Total financial incomes	**641.564**	**834.230**
IFRS 16.	Interest expense on the leasing account	47.190	21.055
IAS 21.52 (a)	Expenses from exchange diferences rates	365.386	394.816
	Value adjustments regarding financial fixed assets	-	(56.116)
	Other financial charges	28.938	-
	Total financial expenses	**441.514**	**359.755**
	Net financial result	**200.050**	**474.475**

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, but was at a lower 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.

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

13a. Expenditure on profit tax

Reference		30.09.2023	30.09.2022
	a) Expenditure on current profit tax		
IAS 12.80 (a)	Current period	373.953	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	104.118	69.094
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)	**478.071**	**69.094**
IAS 12.81 (c)	**Reconciliation of effective tax rate**		
	Profit of the period	4.462.476	(2.147.945)
	Non-deductible expenses	22.332	48.856
	Non-taxable incomes	1.606.776	493.717
	Elements similar to incomes (amortisation after reevaluation 2003)	1.239.330	1.003.912
	Tax loss year 2022	1.761.405	-
	Deduction of legal reserve	-	-
	Taxable profit (Tax loss)	2.355.957	(1.588.894)
	Expense with the current profit tax	376.953	-
	Sponsorship	3.000	-
	Bonus OUG 33/2020	-	-
	Profit after taxation	3.984.405	(2.147.945)

13b. Specific tax expenses

Starting with 2017, with the entry into force of the Law no.170/2016 on the specific tax for certain activities, the company owed this type of tax for the activity of the canteen operating under its subordination. We would like to mention the fact that a workers' canteen carries out its activity within the Society's premises, its activity being codified CAEN 5629 "Other food services n.c.a." and registered in the articles of incorporation of the company as a secondary activity.
According to GEO 16/2022, starting with January 1, 2023, the Law no. 170/2016 on the specific tax for certain activities was repealed.

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

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

		Lands and buildings	Machines and equipments	Furniture and fixtures	Work in progress	Total
	Coast or assumed costs					
IAS 16.73 (d)	Balance at 1 January 2022	21.262.106	56.035.571	508.922	3.564.578	81.371.177
IAS 16.73 (e)(i)	Acquisitions	1.837.646	1.834.516	-	741.828	4.413.990
IAS 16.73 (e)(ii)	Outgoings of non current asset	17.783	32.390	-	3.128.162	3.178.335
IAS 16.73 (d)	Balance at September 30,2022	23.081.969	57.837.697	508.922	1.178.244	82.606.832
	Depreciation and losses from depreciation					
IAS 16.73 (d)	Balance at 1 January 2022	-	40.393.612	444.320	-	40.837.932
IAS 16.73 (d)(vii)	Depreciation during the year	1.549.687	1.281.557	11.022	-	2.842.266
IAS 16.73 (d)(ii)	Outgoings pf non current asset	1.086	26.474	-	-	27.560
IAS 16.73 (d)	Balance at September 30,2022	1.548.601	41.648.695	455.342	-	43.652.638
IAS 1.78 (a)	**Accounting values**					
	Balance at 1 January 2022	**21.262.106**	**15.641.959**	**64.602**	**3.564.578**	**40.533.245**
	Balance at September 30, 2022	**21.533.368**	**16.189.002**	**53.580**	**1.178.244**	**38.954.194**

		Lands and buildings	Machines and equipments	Furniture and fixtures	Work in progress	Total
	Coast or assumed costs					
IAS 16.73 (d)	Balance at 1 January 2023	23.081.969	58.259.701	535.770	1.220.026	83.097.466
IAS 16.73 (e)(i)	Acquisitions	8.300	2.750.693	40.826	2.674.039	5.473.858
IAS 16.73 (e)(ii)	Outgoings of non current asset	8.316	1.922.783	-	2.583.513	4.453.722
IAS 16.73 (d)	Balance at September 30,2023	23.081.953	59.087.611	576.596	1.310.552	84.056.712
	Depreciation and losses from depreciation					
IAS 16.73 (d)	Balance at 1 January 2023	2.083.084	41.795.607	458.992	-	44.337.683
IAS 16.73 (d)(vii)	Depreciation during the year	1.568.825	1.942.944	13.439	-	3.525.208
IAS 16.73 (d)(ii)	Outgoings pf non current asset	1.155	474.424	-	-	475.579
IAS 16.73 (d)	Balance at September 30,2023	3.650.754	43.264.127	472.431	-	47.387.312
IAS 1.78 (a)	**Accounting values**					
	Balance at 1 January 2023	**20.998.885**	**16.464.094**	**76.778**	**1.220.026**	**38.759.783**
	Balance at September 30, 2023	**19.431.199**	**15.823.484**	**104.165**	**1.310.552**	**36.669.400**

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

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

On 30 September 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 Orșova.
In the course of the year 2017 the company has put up for sale by tender two plots of land in the area Gratca, of 937 square meters and 3,988 square meters, in accordance with the management decision of 16 February 2017. 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

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

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

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

At 31 December 2014, the company proceeded to the revaluation of means of naval transport using the opinion of some independent external evaluators, applying the same rules and methods regarding the registration of the resulting differences.
For the fixed assets that are under conservation at Agigea branch, an impairment of 195,218 RON was recognized, at the end of 2014; at 31.12.2013 the impairment was 155,474 RON.

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

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

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

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).

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

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

According to IFRS 13, valuation at fair value of buildings and means of naval shipping supposed taking into consideration the characteristics of the assets, which users of financial statements would consider in determining the price of the asset at the balance sheet date. Fair value determination was carried out by an independent external evaluator and shall be treated as level 2 under IFRS 13 for the data taken into account in determining the fair values as at 31 December 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 fixed assets under conservation at the Agigea branch, the depreciation test was also carried out, being recognized a total depreciation of 395,779.82 lei, related to fixed assets other than buildings. This depreciation is at the same level as on 30.09.2023.

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 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 8.695.250 EUR, resulting from the commercial contracts concluded by the Company with third parties, not cashed up at 30.09.2023.

Non-tangible asset under construction

On 30.09.2023, the company has unfinished investment objectives in the amount of 1,310,552 (1,178,244 lei on 30.09.2022). A significant share in them is represented by the modernization works of the launch pad at the Agigea branch, including the replacement of the wedge trolleys.

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

IAS 38 **15. Intangible assets**

Reference		Other assets	Total
IFRS 3.61 IAS 38.118 (c), (e)			
	Cost		
IFRS 3.B67 (d)(viii),IAS 38.118	Balance at 1 January 2022	1.094.898	1.094.898
IAS 38.118(e)	Aquisitions	4.269	4.269
	Outgoings of intangible assets	80.593	80.593
IAS 38.118	Balance at 30 of September 2022	1.018.574	1.018.574
	Depreciation and amortisation losses		
IFRS 3.B67 (d)(i),IAS 38.118	Balance at 1 January 2022	1.074.760	1.074.760
IAS 38.118(e)(vi)	Amortisation during the year	7.979	7.979
	Outgoings of fixed assets	78.980	78.980
IFRS 3.B67 (d)(viii),IAS 38.118	Balance at 30 of September 2022	1.003.759	1.003.759
	Accounting values		
IAS 38.118(c)	**Balance at 1 January 2022**	**20.138**	**20.138**
IAS 38.118(c)	**Balance at 30 of September 2022**	**14.815**	**14.815**

Reference		Other assets	Total
IFRS 3.61 IAS 38.118 (c), (e)			
IFRS 3.B67 (d)(viii),IAS 38.118	Balance at 1 January 2023	1.033.977	1.033.977
IAS 38.118(e)	Aquisitions	73.445	73.445
	Outgoings of intangible assets	-	-
IAS 38.118	Balance at 30 of September 2023	1.107.422	1.107.422
	Depreciation and amortisation losses		
IFRS 3.B67 (d)(i),IAS 38.118	Balance at 1 January 2023	1.006.198	1.006.198
IAS 38.118(e)(vi)	Amortisation during the year	23.936	23.936
	Outgoings of fixed assets	-	-
IFRS 3.B67 (d)(viii),IAS 38.118	Balance at 30 of September 2023	1.030.134	1.030.134
	Accounting values		
IAS 38.118(c)	**Balance at 1 January 2023**	**27.779**	**27.779**
IAS 38.118(c)	**Balance at 30 of September 2023**	**77.288**	**77.288**

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.

	30.09.2023			**30.09.2022**		
Other investments	**Accounting value**	**Imparment adjustements**	**Net value**	**Accounting value**	**Imparment adjustements**	**Net value**
Long term investments						
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 investments on long term	**684.495**	**684.495**	**0**	**684.495**	**684.495**	**0**

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

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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, it does not generate revenue.

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

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

On 30 September, 2023, the Company had fully set up impairments for these securities, amounted to 684,495 RON, so the net value on 30 September 2023 was 0 RON (the same situation was registered at 30 September, 2022).

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.

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

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

As of 2019, IFRS 16 Leases became applicable. Since the company has certain leases, as a lessee, with a term of 12 months or less and low-value leases, apply for these contracts the exception for the recognition of short-term leases and low-value leases.
We mention that the company, at the headquarters of the Agigea branch, holds the right to use the land owned by the National Company Administration of Constanta Maritime Ports.
The rent contract concluded in this regard with CNAPMC (September 2019) is valid until 2038 but contains clauses on the renegotiation of the tariff every 5 years and an indexable annual rent value.
Therefore, the company classified the contract with CNAPMC under IFRS 16 and recorded a right-of-use asset and a matching lease liability.
The following are the carrying amounts of rights to use the recognised asset and movements in 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**
Imputs	0	**0**
As of 30 September 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	493.847	493.847
As of 30 September 2023	**2.240.079**	**2.240.079**
Net book value		
As of 31 December 2019	**2.377.179**	**2.377.179**
As of 31 December 2020	**1.950.983**	**1.950.983**
As of 31 December 2021	**1.559.962**	**1.559.962**
As of 31 December 2022	**1.109.377**	**1.109.377**
As of 30 September 2023	**615.530**	**615.530**

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

IAS 40 **18.Real estate investments**

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

Starting with September 2019, the Agige branch proceeded to lease a building located in Constanta, called "Headquarters", to City Protect, Glorios and Protect Instal. The rental period, according to the contracts in force, ends on 31.12.2023, respectively 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.

19. Stock

		30.09.2023	30.09.2022
IAS 1.78 (c),2.36(b)	Raw materials and materials	10.702.473	24.145.745
IAS 1.78(c), 2.36(b)	Production in progress	19.121.757	22.464.343
IAS 1.78(c), 2.36(b)	Finished products	-	-
IAS 1.78(c),2.36(b)	Third Party Products	-	-
IAS 1.78(c),2.36(b)	Commodities	-	-
	Imparment adjustments	(674.373)	(589.946)
	Stocks at net value	**29.149.857**	**46.020.142**

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 674,373 lei, which is also maintained on 30.09.2023. Compared to the corresponding period of the previous year, there is a decrease in stocks by 36.66%, mainly a reduction in stocks of raw materials and materials following the completion of new shipbuilding subject to contracts concluded by the company until this date.

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

20. Fixed assets held for sale

		30.09.2023	30.09.2022
		lei	**Lei**
IAS 1.104,2.36(e,g)	Balance at the beginning of the period	0	-
IAS 1.104, 2.36(e,g)	Inputs	1.417.914	-
	Balance at the end of the period	**1.417.914**	**0**

In August 2023, the company, following the decision of the administrators, reclassified an asset, respectively a salt mine belonging to the patrimony of the Agigea branch, into Non-current assets held for sale; For this asset, the sale procedure by open auction was triggered.

21. Trade and similar receivables, other receivables and advances

		30.09.2023	**30.09.2022**
IAS 1.78 (b)	Trade receivables in relation to related parties	-	-
	Loans to executives	-	-
IAS 1.78 (b)	Trade receivables	15.377.687	17.153.975
	Adjustments for the impairment of trade receivables	(166.620)	(166.620)
IFRS 7.8(c)	**Net commercial loans and receivables**	**15.211.067**	**16.987.355**
	Claims - total	**550.164**	**2.493.338**
	Different debitors	421.355	365.496
	Suppliers - debtors	-	-
	VAT to be recovered and not exigible	0	1.421.120
	Adjustment for other receivables	(513.248)	(340.174)
	Expenses registered in advance	296.869	189.265
	Other receivables	345.188	857.631
	Total	**15.761.231**	**19.480.693**

As for trade receivables, on 30.09.2023 they are at a lower level than those recorded at the end of the corresponding period of the previous year and are related to current supplies of goods and services, with maturities in the next period.
During the period 01-30.09.2023, 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.

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

21. Trade and similar receivables, other receivables and advances(continued)

The Company's depreciation account for adjusting commercial receivables is presented as follows:

	30.09.2023	30.09.2022
As of January 1,	166.620	166.620
Resumption of depreciation	-	-
Established depreciations	-	-
Balance at the end of the period	**166.620**	**166.620**

22.Trade payables and other liabilities

	30.09.2023	30.09.2022
Trade payables – short term	1.729.362	2.350.137
Social security and other taxes and fees	1.936.549	2.919.473
Suppliers – unsecured invoices	2.122.591	1.293.125
Clients- creditors	5.153.965	16.151.890
Other debts	1.189.741	1.135.316
Commercial debts – long term	59.604	589.165
Total:	**12.191.812**	**24.439.106**

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

22.Trade payables and other liabilities(continued)

Short-term commercial liabilities refer to payment obligations to suppliers and advances received from customers. There is a decrease compared to the similar period of 2022 due to the reduction in the volume of acquisitions, compliance with payment maturities, but also a decrease in social security obligations and other taxes and fees due to the state budget as a result of the approval and operative registration of the compensation of obligations and receivables to the state budget. Thus, their balance on 30.09.2023 represents current debts whose payment was made after the analyzed period. Also, a significant decrease is registered under the heading "Clients-creditors", the company liquidating the advances received from customers following the completion of shipbuilding works for which advances were invoiced and collected.

23. Loans Leasing obligations

Finance leases

As of September 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 September 30, 2023, recognized in accordance with IFRS 16, is RON 1,140,051. When updating the leasing payments for 2023, as the company has no other contracted loans, it used the NBR monetary policy interest rate at the end of 2022, 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 September 30	613.897	1.632.014
Long-term	-	1.098.844
Short-term	613.897	533.17

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

24.Cash and cash equivalents

	30.09.2023	**30.09.2022**
Bank accounts in lei	3.973.662	1.113.903
Bank accounts in foreign currency	3.975.864	5.161.035
Petty cash in lei	9.796	7.840
Petty cash in euro	-	-
Other values	5.589	4.338
Total	**7.964.911**	**6.287.116**

The amounts of cash and cash equivalent recorded a slight increase compared to the previous period (by 26.69%). A main influencing factor in this decrease is represented by the reduced purchases of stocks in September, respectively the payment of obligations to suppliers, but also the collection of receivables by the end of the reporting period.

25. Capital and reserves

Capital social

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

The shareholder structure on September 30, 2023 did not change compared to the one existing on the reference date of 03.07.2023, the date chosen for the OGMS of July 17, 2023, namely:

	Number Of shares	**Amount (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
	11.422.919	**28.557.298**

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 01.01-30.09.2023 there were no changes in the share capital.

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 September 2023 amounted to 448,031 lei and for the corresponding period of the previous year amounted to 448,497 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 9 months of 2023.

Wage expenses:

	Financial exercise End at 30 September 2023 (lei)	**Financial exercises End at 30 September 2022 (lei)**
Administrators	448.031	448.497
Directors	992.650	900.029
	1.440.681	**1.348.526**

During the analyzed period, there were changes in the composition of the Board of Directors. 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 OGMS 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

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

26.Employees benefits (continued)

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 set out in Article 22 of the Articles of Association and, respectively, of the Mandate Agreement concluded between the Board of Directors and the Director General.

The mandate of the current Board of Directors ends on December 28, 2025 and that of the General Manager, which expired on 09.11.2022, was extended until 09.11.2026.

Salaries payable at the end of the period:

	30 September 2023 (lei)	30 September 2022 (lei)
Administrators	29.154	29.154
Directors	22.961	31.310
	52.115	**60.464**

b) Employees

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

	Financial exercise Ended at 30 September 2023	Financial exercises Ended at 30 September 2022
Administrative staff	44	44
Direct productive staff	226	229
Indirect productive staff	58	64
	328	**337**

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

27. Other information, implications of the conflict between Russia and Ukraine on the quarterly 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 01.01-30.09.2023 were approved by the Board of Directors on November 6, 2023 and were signed by:

Administrator	Issued
Ec.Radu Claudiu Rosca	Ec. Marilena Visescu