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- varsat 28.557.297,5 lei
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REPORT ON THE PROJECT OF THE INCOMES AND EXPENSES BUDGET FOR 2024

The income and expenditure budget for the year 2024 was established based on a prudent increase and took into account the following:

- for the main headquarters in Orșova, the revenues are related to a number of 7 ships, for 6 ships there are firm contracts. At this time, the company is analyzing several contract offers, one of which is for this year and others that will contribute to the proper preparation of production for the year 2025; revenues from the ship repair activity are budgeted at a level higher than that achieved in 2023;

- at the Agigea branch, they considered generating income from the activity of ship repairs, at a level higher by about 30% than that achieved in 2023, and from renting unused spaces; from the activity of renting out the salandas in the heritage, revenues are budgeted, based on two firm contracts, in the country, following the rental of the two salandas. The company continues its efforts to expand its activity in this segment as well, in this sense, offers have been submitted to both internal and external companies; from the valorization of iron waste, resulting from the scrapping of several tangible immobilizations, it is estimated to generate income in the amount of 591,000 lei.

We appreciate that the demand on the shipbuilding market is still at a low level, which has also greatly influenced the level of contracting prices.

When substantiating the figures proposed for 2024, an exchange rate of 4.98 lei/euro was used.

The operating income (related to deliveries) projected to be realized, in the amount of 102,414,850 lei, corresponds to an equivalent in Euros of 20,565,231 euros, of which shipbuilding: 16,620,000 euros (80.82%).

The expenses related to the exploitation activity estimated to be realized according to the BVC are 96,646,800 lei, which means the projection of a gross profit from the exploitation activity of 5,768,100 lei.

In terms of financial activity, the company projected the realization of financial income in the total amount of 800,000, both on account of the interest related to availability in lei and from exchange rate differences, and financial expenses in the amount of 500,000 lei - from exchange rate differences, which will determine the realization of a profit from this activity of 300,000 lei.

The structure of the ships contracted to be built and delivered in 2024, at the main headquarters in Orșova, is presented as follows:

- 2 tank ships of 110 m length
- 2 Money Maker type tankers of 135 m length

- 1 container ship of 85.99 m length
- 1 passenger

The external beneficiaries of these ships are the traditional ones, especially Dutch companies (Rensen – Driessen Shipbuilding B.V., Gebr de Jonge Schipbuilding).

When establishing the BVC, the principle of continuity of activity in the period 2024-2025 was taken into account, in the current economic and political context.

In 2024, the company proposes to continue its policy regarding the recruitment of qualified personnel and the organization of training courses at the workplace, especially with a view to creating a reserve of personnel due to the increase in the number of employees who are going to retire in the next period.

The current number of personnel (346), together with the traditional subcontractors, ensures the realization of the production program of the year 2024.

Personnel expenses were budgeted at a higher level than in 2023, an increase due on the one hand to the higher volume of production to be realized in 2024, but also to the fact that in the financial year 2024 the company proposed to carry out wage increases through the appropriate indexation of remunerations, which will mitigate the inflationary effects manifested in the economy. At the same time, increased attention will be given to increasing labor productivity and stimulating employees for their contribution to the achievement of the proposed objectives.

Operating income and expenses were calculated according to the provisions of OMFP no. 2,844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards. In accordance with these provisions (point 182 paragraph (2) our company has chosen to present the analysis of expenses by destination, respectively: "... entities that, according to IAS 1, have 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, reflected in the accounts 711 "Revenues related to the costs of product stocks", "721 "Revenues from the production of intangible assets", 722 "Revenues from the production of tangible assets" and 725 "Revenues from the production of real estate investments".

Considering these provisions, in terms of the shipbuilding activity, the level of income and expenses from the exploitation activity, although it is relatively linear/constant throughout the year, these incomes/expenses are allocated quarterly depending on the date of delivery of the ships / date of transfer of ownership to the client.

Following the analyzes carried out and our estimates, it turned out that these figures are achievable.

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

The expenses for investments included in the BVC project for 2024 amount to 9,614,400 lei, the most important investment objectives being the welding technique, mainly the welding robot contracted in 2023, a mobile crane, a profile punching machine, modernization of buildings, halls, social spaces and technological platforms. Their financing (for the welding robot, sums were paid in advance in 2023) is to be ensured exclusively from own sources.

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