

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS**

<i>Reference</i>	<b>STATEMENT OF FINANCIAL POSITION</b>			
	<b>As at 31 December</b>		<b>2023</b>	<b>2022</b>
<i>IAS 1.10(a), 113</i>		<i>Note</i>	<b>RON</b>	<b>RON</b>
	<b>Assets</b>			
	<b>Fixed assets</b>			
<i>IAS 1.54(a)</i>	Tangible assets	<i>15</i>	38,860,571	38,759,783
	Freehold land and land improvements	<i>15</i>	1,201,941	1,201,941
	Buildings	<i>15</i>	17,706,276	19,796,944
	Plant and machinery, motor vehicles	<i>15</i>	18,450,791	16,464,094
	Fixtures and fittings [...]	<i>15</i>	98,728	76,778
	Tangible assets in progress	<i>15</i>	1,402,835	1,220,026
<i>IAS 1.54(c)</i>	Intangible assets	<i>16</i>	81,164	27,779
	Other intangible assets	<i>16</i>	81,164	27,779
<i>IFRS 16, IAS 8</i>	Rights-of-use for leased assets	<i>17</i>	495,806	1,109,377
<i>IAS 1.54(b)</i>	Investment property	<i>19</i>	606,447	596,638
<i>IAS 1.54(h)</i>	Trade receivables and other receivables		6,000	8,956
<i>IAS 1.54(o), 56</i>	Deferred tax assets		104,832	115,769
<i>IAS 1.60</i>	<b>Total fixed assets</b>		<b>40,154,820</b>	<b>40,618,302</b>
<i>IAS 1.54 (g)</i>	Inventories	<i>20</i>	28,967,886	50,813,700
<i>IAS 1.54(h)</i>	Trade receivables and other receivables	<i>22</i>	12,089,896	1,987,659
<i>IAS 1.55</i>	Deferred expenses	<i>22</i>	153,995	161,622
<i>IAS 1.54(d)</i>	Short term investments	<i>23</i>	6,495,815	3,485,023
<i>IAS 1.54(i)</i>	Cash and cash equivalents	<i>24</i>	11,943,703	8,852,408
<i>IAS 1.60</i>	<b>Total Current Assets</b>		<b>59,651,295</b>	<b>65,300,412</b>
	<b>Total Assets</b>		<b>99,806,115</b>	<b>105,918,714</b>
	<b>Equity</b>			
<i>IAS 1.54(r), 78(e)</i>	Share capital	<i>25</i>	28,557,298	28,557,298
<i>IAS 1.55, 78(e)</i>	Share premium	<i>25</i>	8,862,843	8,862,843
<i>IAS 1.54(r), 78(e)</i>	Reserves	<i>25</i>	47,157,267	47,901,179
	Result for the period	<i>25</i>	3,453,687	(4,215,117)
<i>IAS 1.55, 78(e)</i>	Retained earnings	<i>25</i>	(2,848,032)	892,220

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<i>Reference</i>	STATEMENT OF FINANCIAL POSITION (continued)			
	As at 31 December	Note	2023 RON	2022 RON
	Other elements of equity	25	(3,753,867)	(4,014,451)
	<b>Total equity</b>		<b>81,429,196</b>	<b>77,983,972</b>
	<b>Liabilities</b>			
	<b>Long-term liabilities</b>			
<i>IAS 1.54(o), 56</i>	Deferred tax liabilities		3,775,937	4,031,923
<i>IFRS 16, IAS 8</i>	Other debts, including lease liability	28	60,040	555,829
<i>IAS 1.60</i>	<b>Total long-term liabilities</b>		<b>3,835,977</b>	<b>4,587,752</b>
	<b>Current liabilities</b>			
<i>IAS 1.54(k)</i>	Trade payables and other debts, including derivatives	31	13,884,794	21,665,023
<i>IAS 1.55, 11.42(b)</i>	Deferred income		950	2,375
<i>IAS 1.54(l)</i>	Provisions	30	655,198	1,679,592
<i>IAS 1.60</i>	<b>Total current liabilities</b>		<b>14,540,942</b>	<b>23,346,990</b>
	<b>Total Liabilities</b>		<b>18,376,919</b>	<b>27,934,742</b>
	<b>Total Equity and Liabilities</b>		<b>99,806,115</b>	<b>105,918,714</b>

The separate financial statements were approved by the Board of Directors on March 12, 2024 and were signed by:

Administrator,  
 Ec. Radu-Claudiu Rosca

Prepared by,  
 Ec. Marilena Vişescu

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS**

<i>Reference</i>	<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>			
	<b>For the financial year ended at 31 December</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
			<b>RON</b>	<b>RON</b>
	<b>Continuing operations</b>			
<i>IAS 1.10(b), 81(a)</i>	Income	5	96,632,014	57,269,884
	Other income	6	3,208,056	1,041,783
	<b>Total Operational Income</b>		<b>99,840,070</b>	<b>58,311,667</b>
	Expenses related to inventories	7	(43,352,929)	(22,313,026)
	Utility expenses	8	(2,062,928)	(1,541,210)
	Employee benefits expenses	9	(30,408,001)	(24,269,823)
	Depreciation and amortization expenses	15,16	(5,074,087)	(3,413,005)
	Depreciation expenses related to rights-of-use for leased assets	17	(658,463)	(567,259)
	Gains/losses on disposal of property		(5,390)	(71,587)
	Increase/(Decrease) of receivables allowances and inventory write-down	10	(55,842)	(247,555)
	Increase/(Decrease) of provision expenses	30	(1,024,394)	(647,577)
<i>IAS 1.99, 103</i>	Other expenses	11	(15,682,123)	(10,064,302)
	<b>Total Operational expenses</b>		<b>(96,275,369)</b>	<b>(63,135,344)</b>
	<b>The result of operational activities</b>		<b>3,564,701</b>	<b>(4,823,677)</b>
	Financial income	12	796,615	1,102,354
<i>IAS 1.82(b)</i>	Financial expenses	12	(479,619)	(512,380)
	<b>Net financial result</b>	<b>12</b>	<b>316,996</b>	<b>589,974</b>
<i>IAS 1.85</i>	<b>Result before taxation</b>		<b>3,881,697</b>	<b>(4,233,703)</b>
<i>IAS 1.82(d), IAS 12.77</i>	Current income tax expenses	13a	(412,474)	0
	Deferred income tax expenses	13a	(120,367)	(83,512)
	Deferred income tax income		104,831	115,769
	Specific activities tax expenses	13b	0	(13,671)
<i>IAS 1.85</i>	<b>Result for continuing operations</b>		<b>3,453,687</b>	<b>(4,215,117)</b>
<i>IAS 1.82(f)</i>	<b>Result for the period</b>		<b>3,453,687</b>	<b>(4,215,117)</b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS**

<i>Reference</i> (continued)	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	<u>Note</u>	<u>2023</u>	<u>2022</u>
<i>IAS 1.10(b), 81(a)</i>	<b>For the financial year ended at 31 December</b>		<b>RON</b>	<b>RON</b>
	<b>Other comprehensive income</b>			
<i>IAS 1.82(g)</i>	Reevaluation of tangible assets		(746,912)	(941,620)
<i>IAS 1.85</i>	Other comprehensive income after taxation		<b>(746,912)</b>	<b>(941,620)</b>
<i>IAS 1.82 (i)</i>	<b>Total comprehensive income for the period</b>		<b>2,706,775</b>	<b>(5,156,737)</b>
	<b>Attributable profit</b>			
<i>IAS 1.83(b)(ii)</i>	Shareholders	26	3,453,687	(4,215,117)
	<b>Profit for the period</b>		<b>3,453,687</b>	<b>(4,215,117)</b>
	<b>Total attributable comprehensive income</b>			
<i>IAS 1.83(b)(ii)</i>	Shareholders		2,706,775	(5,156,737)
	<b>Earnings per share</b>			
<i>IAS 33.66</i>	Basic earnings per share		0,30	(0,37)
<i>IAS 33.66</i>	Diluted earnings per share		0,30	(0,37)
	<b>Continuing operations</b>			
<i>IAS 33.66</i>	Basic earnings per share		0,30	(0,37)
<i>IAS 33.66</i>	Diluted earnings per share		0,30	(0,37)

The separate financial statements were approved by the Board of Directors on March, 12, 2024 and were signed by:

Administrator,  
 Ec. Radu-Claudiu Roşca

Prepared by,  
 Ec. Marilena Vişescu

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS**

*Reference* STATEMENT OF CHANGES IN EQUITY

IAS  
1.108,109

Attributable to equity holders

	Share capital	Share premium account	Revaluati on reserve	Other reserves	Retained earnings	Result for the period	Other elements of equity	Profit appropriation	Total equity
<b>Balance at December 31, 2021</b>	<b><u>28,557,298</u></b>	<b><u>8,862,843</u></b>	<b><u>30,246,300</u></b>	<b><u>24,650,646</u></b>	<b><u>941,454</u></b>	<b><u>(153,870)</u></b>	<b><u>(4,338,244)</u></b>	<b>=</b>	<b><u>88,766,427</u></b>
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)
<b>Balance at December 31, 2022</b>	<b><u>28,557,298</u></b>	<b><u>8,862,843</u></b>	<b><u>29,304,680</u></b>	<b><u>18,596,499</u></b>	<b><u>892,220</u></b>	<b><u>(4,215,117)</u></b>	<b><u>(4,014,451)</u></b>	<b>=</b>	<b><u>77,983,972</u></b>
Loss/ Net profit for the year	-	-	-	-	(4,215,117)	7,668.804	-	-	3,453,687
Transfer in reserve	-	-	(782,550)	-	474,865	-	260,584	-	(47,101)
Revaluation reserve	-	-	38,638	-	-	-	-	-	38,638
<b>Balance at December 31, 2023</b>	<b><u>28,557,298</u></b>	<b><u>8,862,843</u></b>	<b><u>28,560,768</u></b>	<b><u>18,596,499</u></b>	<b><u>(2,848,032)</u></b>	<b><u>3,453,687</u></b>	<b><u>(3,753,867)</u></b>	<b>=</b>	<b><u>81,429,196</u></b>

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**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

<i>Reference</i>	<b>STATEMENT OF CASH FLOWS</b>			
<i>IAS 1.10(d), 113</i>	<b>For the financial year ended at 31 December</b>	<b>Note</b>	<b>2023</b>	<b>2022</b>
			<b>RON</b>	<b>RON</b>
	<b>Cash flows from operating activities</b>			
	Profit for the period		3,453,687	(4,215,117)
	<b>Adjustments for:</b>			
	Amortization of intangible and tangible assets	<i>15,16,17</i>	5,620,872	4,442,279
	Depreciation of fixed assets		13,784	(96,057)
	Losses from various receivables and debtors	<i>10</i>	(109,362)	(4,180)
	Expenses from revaluation of tangible assets			
	Net expenses/(net income) with provisions		(1,024,394)	647,577
	Impairment of current assets	<i>10,20</i>	55,842	247,555
	Loss from the sale of tangible assets		5,390	71,587
	Current income tax expenses	<i>13a</i>	412,474	-
	Deferred income tax expenses	<i>13a</i>	120,367	83,512
	Specific activities tax expenses	<i>13b</i>	-	13,671
	Deferred tax income		(104,831)	(115,769)
	<b>Cash - flows from operating activities before changes in working capital</b>		<b>8,662,553</b>	<b>1,075,058</b>
	<b>Changes in working capital</b>			
	Changes related to inventories		21,794,247	(28,328,550)
	Changes related to trade receivables and other receivables		(10,078,401)	18,493,726
	Changes in accrued expenses		7,627	3,790
	Changes in trade payables and other liabilities		(9,842,736)	12,111,488
	<b>Cash generated / (used) from / (in) operating activities</b>		<b>10,543,290</b>	<b>3,355,512</b>
	Interest paid (leasing)	<i>12,17</i>	(57,548)	(26,650)
<i>IAS 7.35</i>	Income tax paid		(373,953)	(13,671)
<i>IAS 7.10</i>	<b>Net cash from operating activities</b>		<b>10,111,789</b>	<b>3,315,191</b>
	<b>Cash flows from investing activities</b>			
<i>IAS 7.31</i>	Interest received		179,434	34,742
<i>IAS 7.16(a)</i>	Purchases of tangible and intangible assets	<i>15,16</i>	(3,467,615)	(1,944,633)
	Short term investments		(3,010,792)	(397,916)
<i>IAS 7.10</i>	<b>Net cash used in investing activities</b>		<b>(6,298,973)</b>	<b>(2,307,807)</b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

<i>Reference</i>	<b>STATEMENT OF CASH FLOWS (continued)</b>		<b>2023</b>	<b>2022</b>
<i>IAS 1.10(d), 113</i>	<b>For the financial year ended at 31 December</b>	<b>Note</b>		
	<b>Cash flows from financing activities</b>			
<i>IAS 7.31</i>	Proceeds from loans / (loans refunds)			
	Paid dividends		(86,549)	(5,951,427)
	Increase (reimbursement) in loans (leasing)	28	(634,972)	(568,917)
<i>IAS 7.10</i>	<b>Net cash from (used in) financing activities</b>		<b>(721,521)</b>	<b>(6,520,344)</b>
	<b>Increase/(Decrease) Net cash and cash equivalents decreases</b>		<b>3,091,295</b>	<b>(5,512,960)</b>
	Cash and cash equivalents at 1 January		8,852,408	14,365,368
	<b>Cash and cash equivalents at 31 December</b>		<b><u>11,943,703</u></b>	<b><u>8,852,408</u></b>

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Administrator:  
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Prepared by:  
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**Şantierul Naval Orşova S.A.**  
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**TABLE OF CONTENTS**

	<b>Page</b>		<b>Page</b>
1. Reporting company	9	19. Investment property	48
2. Basis of preparation	9	20. Inventories	48
3. Significant accounting policies	17	21. Non-current assets held for sale	49
4. Determination of fair value	27	22. Trade receivables and related, other receivables and accrued expenses	49
5. Revenue	29	23. Short term investments	50
6. Other Income	29	24. Cash and cash equivalents	51
7. Expenses related to inventories	30	25. Capital and reserves	52
8. Utility expenses	31	26. Earnings per share	55
9. Personnel Expenses	31	27. Loans	56
10. Receivables allowances and inventories write-down	32	28. Leases' liabilities	58
11. Other expenses	32	29. Employee benefits	59
12. Financial income and expenses	34	30. Provisions	61
13. Income tax expense / Specific activity tax expenses	35	31. Trade payables and other payables	62
14. Deferred tax assets and liabilities	36	32. Financial instruments	62
15. Tangible Non-current assets	37	33. Contingent assets and contingent liabilities	67
16. Intangible assets	44	34. Related parties	70
17. Rights-of-use assets	45	35. Events after reporting period	72
18. Other investments, including derivatives	47		

*Disclaimer: This is a free translation of the original Romanian financial statements of Şantierul Naval Orşova SA. In the event of any discrepancy between this translation and the original document, the original Romanian financial statements of Şantierul Naval Orşova SA shall prevail.*



# Şantierul Naval Orşova S.A.

## Separate financial statements 2023 in accordance with IFRS as adopted by EU

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

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

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

*IAS 1.51(a)-(c)* The separate financial statements in accordance with IFRS have been prepared for the year ended 31 December 2023. The Company's main activity is: **construction of ships and floating structures (NACE code: 3011).**

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

##### **a. Statement of compliance**

*IAS 1.16*                The company has prepared the annual financial statements for the year ended 31 December 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 March 12 th, 2024.

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

*IAS 1.117(a)*            Investment properties

- Buildings
- Naval means of transport.
- Means of naval transport.

##### **a. Functional currency and presentation currency**

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

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

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

**b. Professional judgements and key assumptions**

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

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

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

- Note 19 –Investment property classification;
- Note 27 – Loans.

**c. New International Financial Standards not applied by the Company**

The Company does not apply some IFRSs or new IFRS provisions issued and not effective at the date of the financial statements. The Company cannot estimate the impact of the application of these provisions on the financial statements and intends to apply these provisions upon their entry into force. Of the standards issued but not yet in force, the company will not be in a position to apply prospectively any of them.

These are:

- Amendments to IAS 1 "Presentation of Financial Statements" effective 1 January 2024
- Amendments to IFRS 16 "Leases" effective 1 January 2024
- Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" effective 1 January 2025
- Amendments to IAS 7 "Statement of Cash Flows" effective 1 January 2024.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

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

**d. Presentation of financial statements**

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

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

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

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

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

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

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

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

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

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

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

**e. Standards and interpretations available in the current period**

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

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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*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.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

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

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

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

IFRS 10	Consolidated Financial Statements	Establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11	Joint Arrangements	Establishing principles for financial reporting for entities that hold interests in jointly controlled commitments..
IFRS 12	Disclosure of Interests in Other Entities	Requires an entity to disclose information that will enable users of its financial statements to evaluate: the nature and risks associated with interests held in other entities; and the effects of those interests on the financial position, financial performance and its cash flows.
IFRS 13	Fair value measurement	The definition of fair value, establishing, in a single IFRS, a framework for measuring fair value, requiring the presentation of information on fair value.
IFRS 15	Revenue from Contracts with Customers	It aims to establish principles that an entity must apply to report information useful to users of financial statements about the nature, amount, timing and uncertainty of income and cash flows arising from a contract with a customer. It applies to an entity's first annual IFRS financial statements for the period beginning on or after 1 January 2018, published in May 2014 and adopted by the European Union in September 2016, effective in the EU on 1 January 2018.
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.



**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

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

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

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

**a.    Foreign currency**

(i)    Transactions in foreign currency

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

**b.    Financial instruments**

(ii)   Share capital

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

**c.    Tangible Assets**

*IAS 16.73 (a)*        (i)    Recognition and evaluation

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

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

*117(a)*

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

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

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

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

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

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

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

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

*117(a)*

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

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

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

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

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

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

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

On December 31, 2023, the Company proceeded to the revaluation of tangible assets of the nature of the means of shipping located at the Agigea branch using the opinion of an independent external valuer.

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.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

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

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

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

(ii) Reclassification to investment property

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

(iii) Depreciation of tangible non-current assets

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

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

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

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

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

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

Lands are not a subject of depreciation, as they are deemed to have an indefinite life.

The management continually evaluates the development plan. The effect of lifetime review, based on GD. 2139/2004, was reflected in the depreciation expense in the year 2005 and in future periods in the amount of depreciation expenses without any temporary differences.

**(iv) 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.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

(ii)                      *Other intangible assets*

All other intangible assets are recognized at cost.

Intangible assets are not revalued.

(2)                      Amortization

(i)                      *Software*

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

(ii)                      *Other intangible assets*

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

**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.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

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

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

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

**Rights-of-use assets**

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

**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.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

*117(a)*

*Measurement of inventories*

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

*Cost of inventories*

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

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

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

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

**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.



**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

**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.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

(3) Provisions for guarantees

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

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

**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.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

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

*117(a)*

**m. Income tax**

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

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

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

*Recognition of deferred tax assets and liabilities*

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

**4. Determination of fair value**

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

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

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

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

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

**4. Determination of fair value (continued)**

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

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

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

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

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

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

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**5. Revenue**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
<i>IFRS 15.113 (a)</i> Sales of goods	84.391.535	46.787.132
<i>IFRS 15.113 (a)</i> Rendering of services	11.394.954	9.177.126
<i>IFRS 15.113 (a)</i> Sales of residual products and goods	772.453	1.242.848
<i>IAS 40.75 (f) (i)</i> Incomes from rental of investment properties	73.072	62.778
<b>Total</b>	<b><u>96.632.014</u></b>	<b><u>57.269.884</u></b>

Sales of goods, made from the sale of ships built at the main headquarters in Orşova, increased by 80.37% in 2023 compared to the previous year, and compared to the provisions of BVC there is a degree of achievement of 101.03%. In 2023, the Company completed and handed over 6 vessels to external customers and delivered one pontoon to the domestic market. Also, at the end of the year, a hull was 80% completed, being delivered to the intra-Community market in mid-February 2023. Given that the structure and complexity of ships built is different from one year to another, this is also reflected in the level of income earned during these periods.

Further, although the Company had covered the entire production capacity of 2023, the river/sea shipbuilding market continued to be deficient.

In terms of ship repair activity, the revenues achieved in 2023, mainly by the Agigea branch, amounted to 10,326,816 lei (9,024,363 lei in 2022), registering an increase of 14.43% compared to the previous year. The main client was still NAVROM GALATI for this type of services.

These disclosures are made by the Company in accordance with IFRS 8.

**6. Other income**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Rental income (other than rental of investment property)	2,862,636	487,999
Other operating incomes	345,420	553,784
<b>Total</b>	<b><u>3,208,056</u></b>	<b><u>1,041,783</u></b>

The amounts entered under the heading Rental income refer to the amounts derived from the rental of two barges, but also from the rental of premises at the Agigea branch, Thus, during the analyzed period, rental income is at a higher level than in the corresponding period of the previous year (increase by 486.61%), one of the main concerns of the management of the company being to find solutions for renting the five barges in the patrimony of the branch.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

**6. Other income (continued)**

As regards the amount entered 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. Expenses related to inventories**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Raw materials	28,992,832	14,547,667
Consumables, including:	13,434,480	6,841,137
<i>Auxiliary materials</i>	12,305,480	6,238,348
<i>Fuel</i>	428,331	294,350
<i>Spare parts</i>	444,663	211,291
<i>Other consumables</i>	257,006	97,148
Materials in the form of small inventory	478,153	427,261
Materials not stored	415,325	204,210
Goods for resale	36,463	294,053
Trade discounts received	(5,324)	(1,302)
<b>Total</b>	<b><u>43,352,929</u></b>	<b><u>22,313,026</u></b>

As of 31.12.2023, the significant share in total stock expenditure is still held by raw materials (naval sheet). The 99.30% increase in raw material expenses in 2023 compared to 2022 is due to both the increase in production volume and the structure of shipbuilding sold in 2023. Overall, there is also an increase in stock expenses, by 94.29% compared to the previous year, this increase being also correlated with the fact that revenues from the sale of vessels also increased by 80.37%.

Expenditure on the consumption of inventories which, according to the provisions of IFRS, are included in the value of some assets shall be recognised during the period according to their nature. Accordingly, the amount of assets in progress of execution shall be recorded in the accounts on behalf of the related revenue accounts. Please note that the Company, in accordance with IAS 1, has chosen to present its analysis of expenses using a classification based on its nature, and therefore does not disclose either the amount of such expenses or the amount of the corresponding revenue.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**8. Utility expenses**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Electricity	2,011,388	1,507,386
Water	51,540	33,824
<b>Total</b>	<b><u>2,062,928</u></b>	<b><u>1,541,210</u></b>

In 2023, utility expenses increased compared to last year (by 33.85%), as production and revenues also increased, but supply tariffs also increased slightly.

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.

*IAS 1.104*

**9. Personnel expenses**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Salaries	27,856,130	22,078,313
Social expenses	2,551,871	2,191,510
<b>Total</b>	<b><u>30,408,001</u></b>	<b><u>24,269,823</u></b>
<b>Number of employees</b>	<b>337</b>	<b>342</b>

In 2023, employee benefit expenses are at a higher level, by 26.17% compared to 2022. This increase is due to the superior volume of production made and delivered in 2023, but also to the increase in the employment salaries of the Company's staff, starting with May 2023, by an average percentage of 10.29%, 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.

Other factors that influenced wage expense in 2023 included staff reductions and the structure of production costs in terms of presenting the cost of goods sold in accordance with IAS 1 requirements. Analyzed in correlation with salary expenses, in terms of social expenses and insurance contribution for work, we also note an increase of 16.44% compared to the previous year.

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.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**10. Receivables allowances and inventories write-down**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Losses due to various debts and debtors	109,362	-
Impairment of current assets	60,329	290,161
Income from current assets Impairment	(113,849)	(42,606)
<b>Total</b>	<b><u>(55,842)</u></b>	<b><u>(247,555)</u></b>

The amounts disclosed above relate to impairment adjustments for inventories and other receivables made during 2023.

*IAS 1.97*

**11. Other expenses**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Maintenance and repair expenses	350,246	334,058
Royalties and rental expenses	83,566	76,767
Insurance premiums	156,242	145,832
Commissions and fees	23,502	36,406
Protocol, promotion and advertising	37,809	29,737
Transport of goods and personnel	1,752,204	1,660,680
Travel	108,890	43,768
Postage and telecommunications	50,052	48,299
Bank commissions and similar charges	54,274	96,658
Other third party services	12,465,675	6,787,246
Other taxes, duties and similar expenses	434,888	431,728
Expenses with the environment protection	10,592	15,626
Other operating expenses	146,589	328,637
Compensations, fines and penalties	7,594	28,860
<b>Total</b>	<b><u>15,682,123</u></b>	<b><u>10,064,302</u></b>

In 2023, the above level of expenses increased compared to the previous year (by 55.82%), those with a significant share referring to:



**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

*IAS 1.97*            **11. Other expenses**

- There is an increase in maintenance and repair expenses (by 4.85%). In 2023, the Company started the repair / painting / painting works of the workspaces (industrial halls), but also continued the repair actions of the transport and lifting equipment from the patrimony.
- In terms of rental expenses, they increased by 8.86% in 2023 compared to 2022, due to the slight increase in asset rental tariffs but also influences due to production in progress.
- Expenses with transport of goods and people increased (by 5.51%). These expenses are closely related to the volume of sales revenue, but an influencing factor in this increase is the method of presenting expenses using a classification based on their nature. These refer in particular to the transport of river vessels built at the main headquarters, on the route: Orşova – Rotterdam, or other handover points in the Netherlands or Germany, indicated in commercial contracts. 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.
- We note a significant increase in third-party benefits in 2023 compared to 2022 (by 83.66%). In 2023, given the schedule and production volume, as well as the fact that the pontoon built for a domestic customer was fully equipped, the company resorted to subcontractors to a greater extent. As regards auditors' fees, included in the total amount under this heading, it is found that their level is close to that of the previous year. Specifically, they recorded the following values this year: 69,841 lei, including VAT, fees to statutory auditors (in the financial year 2022 these amounts totaled 69,894 lei, including VAT), and for internal audit services the amounts paid during the financial year 2022 were 42,508 lei, including VAT (for the financial year 2022, fees of 42,178 lei were paid, including VAT). The company did not contract tax consultancy services during the analyzed period.
- Regarding the position regarding compensation expenses, fines, in 2023 the company paid much lower amounts compared to 2022, mainly penalties provided for in commercial contracts.
- A significant increase (by 148.79%) is observed under the heading Expenses with travel, secondments and transfers. In 2023, the company recorded higher expenses of this nature mainly due to larger trips to the Agigea branch, but also to the fact that the company participated in two fairs in the Netherlands.

Also in the case of these categories of expenditure, a factor influencing these increases/decreases is the method of presenting expenditure using a classification based on its nature.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

*IAS 1.86*            **12. Financial Revenue and Expenses**

Recognized in income statement

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
<i>IFRS 7.20 (b)</i> Interest income on loans and receivables	-	-
<i>IFRS 7.20 (b)</i> Interest income related to deposits	196,607	53,579
<i>IAS 21.52 (a)</i> Income from exchange rate differences	600,008	1,048,775
<b>Total financial revenue</b>	<b>796,615</b>	<b>1,102,354</b>
Value adjustments in respect of financial assets	0	(56,116)
<i>IAS 7.20 (b)</i> Interest expense on leasing contracts	57,548	26,649
<i>IAS 21.52 (a)</i> Exchange rate differences expenses	422,071	541,847
<b>Total financial expenses</b>	<b>479,619</b>	<b>512,380</b>
<b>Net financial result</b>	<b><u>316,996</u></b>	<b><u>589,974</u></b>

Regarding the structure of the financial revenues and expenditures, the following explanations are made:

- interest income is mainly related to bank deposits established during the financial year ended 31.12.2023;
- in 2023, the company did not contract bank loans, did not use credit lines and, therefore, did not record bank interest expenses;
- expenses from exchange differences were lower than income from exchange differences, so that, in total for 2023, the Company recorded a net gain of 177,937 lei (in 2022: 506,928 lei). Foreign exchange gains were recorded both from the revaluation of foreign currency availabilities and from hedging transactions, concluded by the Company to protect itself against exchange rate depreciation.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**13a. Income tax expenses**

		<u>2023</u>	<u>2022</u>
		RON	RON
	<b>a) Current income tax expenses</b>		
IAS 12.80 (a)	Current period	412,474	-
	<b>b) Deferred income tax expenses</b>		
IAS 12.80 (c)	Initial recognition and reversal of temporary differences	120,367	83,512
	<b>Total income tax expenses</b>	<b>120,367</b>	<b>83,512</b>
IAS 12.81 (c)	<b>c) Reconciliation of effective tax rate</b>		
	Profit for the period	3,881,697	(4,098,208)
	Non-deductible expenses	892,303	1,614,375
	Non-taxable incomes	(1,803,246)	(638,154)
	Elements similar to expenses	1,493,615	1,360,582
	Legal reserve	-	-
	Other taxable amounts	-	-
	Tax loss deduction	(1,761,405)	-
	Tax profit/loss	2,702,964	(1,761,405)
	Sponsorships	20,000	16,204
	Tax incentives	-	-
	Current income tax expense	412,474	-
	Profit after tax	3,348,856	-

**13b. Expenditure with the specific activity**

Starting with 2017, with the entry into force of Law no. 170/2016 on the tax specific to certain activities, the Company owes this type of tax for the activity of the canteen operating under its subordination and whose main objective is to prepare and serve hot meals for its own employees. In the catalogue regarding the classification of economic activities in Romania, it is coded CAEN 5629 "Other food services n.c.a." and registered in the company's articles of incorporation as a secondary activity.

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**14. Deferred tax assets and liabilities**

On May 1, 2009, the stipulations of Emergency Government Ordinance no. 34 were enforced, which have limited the deductibility of certain expenses in calculating the income tax. The greatest influence is due to the non-deductibility of revaluation surpluses transferred to retained earnings since 2004, the impact on income tax expenses of the Company being significantly.

Deferred tax liabilities are represented by the amounts of income taxes payable in future periods as a result of existing taxable temporary differences. In the determination of deferred tax, the tax rate used is stipulated in fiscal regulations in force at the date of the financial statements, respectively 16%.

Deferred tax assets and liabilities are attributable to the following items:

	<b>ASSETS</b>		<b>LIABILITIES</b>		<b>NET</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Tangible Non-Current Assets	237,578	214,168	(15,423)	(91,159)	253,001	305,327
Stocks	-	-	-	-	-	-
Commercial receivables	-	-	-	-	-	-
Commercial debts	-	-	-	-	-	-
Subsidies	-	-	-	-	-	-
Provisions	-	-	-	-	-	-
Employee Benefits	104,832	115,769	115,769	80,129	(10,937)	35,640
Tax loss carried forward	-	-	-	-	-	-
Receivables/liabilities	-	-	-	-	-	-
Tax incentives	1,400	-	(1,584)	(15,083)	2,984	15,083
Tax offsets	-	-	-	-	-	-
<b>Net Deferred tax assets/liabilities</b>	<b>343,810</b>	<b>329,937</b>	<b>98,762</b>	<b>(26,112)</b>	<b>245,048</b>	<b>356,050</b>

## Şantierul Naval Orşova S.A.

### Separate financial statements 2023 in accordance with IFRS as adopted by EU

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

#### IAS 16 15. Tangible Non-Current Assets

		<u>Land and buildings</u>	<u>Machines and Equipment</u>	<u>Furniture and fixtures</u>	<u>Work in progress</u>	<u>Total</u>
		RON	RON	RON	RON	RON
	<b>Cost or assumed cost</b>					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2023	23,081,969	58,259,701	535,770	1,220,026	83,097,466
<i>IAS 16.73 (e)(i)</i>	Acquisition	8,300	6,554,825	40,826	2,937,278	9,541,229
<i>IAS 16.73 (e)(ii)</i>	Disposals of tangible non-current assets	8,316	2,974,464	-	2,754,469	5,737,249
	Net reevaluation	-	(270,048)			(270,048)
<i>IAS 16.73 (d)</i>	Balance at 31 December 2023	23,081,953	61,570,014	576,596	1,402,835	86,631,398
	<b>Depreciation and impairments</b>					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2023	2,083,084	41,795,607	458,992	-	44,337,683
<i>IAS 16.73 (d)(vii)</i>	Depreciation for the year	2,091,807	2,818,936	18,876	-	4,929,619
<i>IAS 16.73 (d)(vi)</i>	Reversal of impairment losses		23,592		-	23,592
<i>IAS 16.73 (d)(ii)</i>	Disposal of tangible non-current assets	1,155	735,377	-	-	736,532
	Discounts representing cancellation of depreciation due to revaluation	-	783,535	-	-	783,535
<i>IAS 16.73 (d)</i>	Balance at 31 December 2023	4,173,736	43,119,223	477,868	-	47,770,827
<i>IAS 1.78 (a)</i>	<b>Net book value</b>					
	<b>Balance at 1 January 2023</b>	<b><u>20,998,885</u></b>	<b><u>16,464,094</u></b>	<b><u>76,778</u></b>	<b><u>1,220,026</u></b>	<b><u>38,759,783</u></b>
	<b>Balance at 31 December 2023</b>	<b><u>18,908,217</u></b>	<b><u>18,450,791</u></b>	<b><u>98,728</u></b>	<b><u>1,402,835</u></b>	<b><u>38,860,571</u></b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

IAS 16                **15. Tangible Non-current Assets (continued)**

On 31 December 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 S.A. Agigea, carried out the land revaluation operation of 210 sqm. As a result, after the merger (in 2008) and until this date, the Company's lands are valued at fair value for the land in the Branch's patrimony and at historical cost for the lands from Orşova.

In the course of the year 2017 the company has put up for sale by tender two plots of land in the area Gratca, of 937 square meters and 3,988 square meters, in accordance with the management decision of 16 February 2017. At the time of this decision, they were properly restated as fixed assets held for sale (according to IFRS 5). The sale transaction was completed in 2021

The company has completed cadastral situation for the entire area of the premises owned by Orşova headquarters.

**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 value was higher than the net book value, and for the other purposes for which the fair value has

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

IAS 16                **15. Tangible Non-current Assets (continued)**

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 2012, the company did not revalue non-current assets.

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

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

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

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

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

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

IAS 16                **15. Tangible Non-current Assets (continued)**

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 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.

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.



**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

IAS 16                **15. Tangible Non-current Assets (continued)**

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 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 the revaluation of tangible assets such as buildings and means of shipping, both at the headquarters in Orsova and at the Agigea branch using the opinion of independent external evaluators. The method of reflecting the revaluation in the Company's accounting was that of removing the depreciation from the carrying amount of assets. The revaluation surplus was credited with the balance of revaluation reserves for those objectives whose fair value was greater than the net book value, and for other objectives in which the fair value was less than the net book value, the decrease in the existing revaluation surplus was reflected in the decrease in the previous revaluation surplus, respectively the allocation of operating expenses in the case of objectives for which a revaluation reserve had no previously been recognizes was insufficient to cover the decrease. In both the construction group and the ships group, there are increases in the total amount of 3,301,954 RON. However, analyzed individually, there were assets where there were decreases, their total value being 999,697 RON, all decreases being supported by the revaluation surplus previously recoded under these items.

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

IAS 16                    **15. Tangible Non-current Assets (continued)**

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).

On 31 December 2023, the Company proceeded to revalue tangible assets of the nature of means of shipping using the opinion of the same independent external valuer and relying on the same rules on recording the resulting differences. For fixed assets under conservation at the Agigea branch, a total depreciation of 419,372.21 lei was recognized at the end of 2023 (on 31.12.2022 this depreciation was 395,779.82 lei).

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

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

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

According to IFRS 13, valuation at fair value of buildings and means of naval shipping supposed taking into consideration the characteristics of the assets, which users of financial statements would consider in determining the price of the asset at the balance sheet date. Fair value determination was carried out by an independent external evaluator and shall be treated as level 2 under IFRS 13 for the data taken into account in determining the fair values as at 31 December 2023, 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.

**Tangible non-current assets presented at fair value, compared with cost model according to IAS 16.77 (e)**

**- RON-**

<b>Name</b>	<b>Land</b>	<b>Plant</b>	<b>Equipment (Means of transport)</b>
Fair value at 31.12.2023	1,201,941	21,880,012	6,363,606
Revaluation surplus	572,314	11,368,617	1,554,984
Net book value according to cost model	629,627	10,511,395	4,808,622

**Impairment losses and subsequent reversals**

On the occasion of the revaluation, on December 31, 2023, the depreciation test was also carried out for fixed assets in conservation at the Agigea branch, and following the processing of those data, a

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

IAS 16                **15. Tangible Non-current Assets (continued)**

depreciation, in balance, amounting to 419,372.21 lei, related to fixed assets other than buildings, was also carried out. In the previous year, the value of the depreciations found was 395,779.82 lei.

**Pledged or mortgaged tangible assets**

To guarantee the multi-option and multi-currency global limit, in value of 1,500,000 EUR , 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 together with the related land, buildings assessed in accordance with the Warranty Monitoring Report at 1,512,800 EUR market value, registered in the Land Registry under the following numbers 1133, 1146, 1121, 1145, 1134, 1135 and 1132;
- Security interest with dispossession on a deposit in value of 401,201 EUR.
- Warrant in form of Assignment of receivables in total value of 10,283,000 EUR, resulting from signed contracts concluded by the company with third parties, contracts not received on 31.12.2023.

**Tangible assets in progress**

On 31.12.2023, the company had unfinished investment objectives in the total amount of 1,402,835 lei, consisting mainly, as in previous years, in modernization works of the launch pad at the Agigea subunit.

**Changes in Accounting Estimates**

On the occasion of the revaluation carried out on 31 December 2018 and 31 December 2021, some of the fixed assets that were fully depreciated were assigned a new use value, which led to a reconsideration of the service life, durations that were used starting with 2019 to calculate accounting depreciation.

**Changes in classification**

In 2023, the Company did not reclassify some assets.

According to IAS 40, in the financial year 2019, a building under the management of the Agigea branch (headquarters) was transferred from the category of fixed assets to the category of real estate investments, which was leased to third parties, this rental regime being maintained in 2023. In this regard, the presentations in Explanatory Note 19 Real estate investments will also be seen.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

*Referință* NOTE LA SITUAȚII FINANCIARE INDIVIDUALE CONFORME CU IFRS

IAS 38 **16. Intangible Assets**

<i>IFRS 3.61</i> <i>IAS 38.118 (c),</i> <i>(e)</i>		<u>Goodwill</u>	<u>Patents and</u> <u>trademarks</u>	<u>Costuri de</u> <u>dezvoltare</u>	<u>Other assets</u>	<u>Total</u>
	<b>Cost</b>					
<i>IFRS 3.B67</i> <i>(d)(viii),IAS</i> <i>38.118</i>	Balance at January 1, 2023	-	-	-	1,033,977	1,033,977
<i>IAS 38.118(e)</i>	Acquisitions	-	-	-	86,175	86,175
	Disposal of intangible assets				-	-
<i>IAS 38.118</i>	Balance at December 31,2023	-	-	-	1,120,152	1,120,152
	<b>Amortizare și pierderi din depreciere</b>					
<i>IFRS 3.B67</i> <i>(d)(i),IAS</i> <i>38.118</i>	Balance at January 1, 2023	-	-	-	1,006,198	1,006,198
<i>IAS</i> <i>38.118(e)(vi)</i>	Amortization during the year	-	-	-	32,790	32,790
<i>IAS</i> <i>38.118(e)(iv)</i>	Impairments					
	Disposal of intangible assets				-	-
<i>IFRS 3.B67</i> <i>(d)(viii),IAS</i> <i>38.118</i>	Balance at December 31,2023	-	-	-	1,038,988	1,038,988
	<b>Valori contabile</b>					
<i>IAS 38.118(c)</i>	<b>Balance at January 1, 2023</b>	-	-	-	<u>27,779</u>	<u>27,779</u>
<i>IAS 38.118(c)</i>	<b>Balance at December 31, 2023</b>	-	-	-	<u>81,164</u>	<u>81,164</u>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

*IAS 39*      **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, it applies 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 Maritime Ports Constanta.

The lease agreement concluded in this respect with CNAPMC (September 2019) is valid until 2038 but contains clauses regarding the renegotiation of the tariff every 5 years and an annual indexable rent value. The initial analysis of the clauses of this contract determined the Company to apply the exception allowed by IFRS, respectively to consider that the conditions are met to recognize this contract annually as a new leasing contract. In 2021, after reviewing the contract, the company concluded that the annual tariff change did not constitute a significant change in the contract and decided to reassess the requirements of IFRS 16. As a result, it entered into a contract with CNAPMC under IFRS 16 and recorded a right-of-use asset and a corresponding leasing liability.

	<b>Total land use rights</b>	<b>Total rights to use of assets</b>
<b>Cost</b>		
<b>At 1st january 2019</b>	<b>0</b>	<b>0</b>
Entries	2,502,294	2,502,294
<b>At 31 december 2019</b>	<b>2,502,294</b>	<b>2,502,294</b>
Entries	94,066	94,066
<b>At 31 december 2020</b>	<b>2,596,360</b>	<b>2,596,360</b>
Entries	142,574	142,574
<b>At 31 december 2021</b>	<b>2,738,935</b>	<b>2,738,935</b>
Entries	116,674	116,674
<b>At 31 december 2022</b>	<b>2,855,609</b>	<b>2,855,609</b>
Entries	44,892	44,892
<b>At 31 december 2023</b>	<b>2,900,501</b>	<b>2,900,501</b>
<b>Amortization</b>		
<b>At 1 january 2019</b>	<b>0</b>	<b>0</b>
Annual amortization	125,115	125,115
<b>At 31 december 2019</b>	<b>125,115</b>	<b>125,115</b>
Annual amortization	520,262	520,262
<b>At 31 december 2020</b>	<b>645,377</b>	<b>645,377</b>
Annual amortization	533,595	533,595
<b>At 31 december 2021</b>	<b>1,178,973</b>	<b>1,178,973</b>
Annual amortization	567,259	567,259
<b>At 31 december 2022</b>	<b>1,746,232</b>	<b>1,746,232</b>
Annual amortization	658,463	658,463
<b>At 31 december 2023</b>	<b>2,404,695</b>	<b>2,404,695</b>
<b>Net book value</b>		
<b>At 31 december 2019</b>	<b>2,377,179</b>	<b>2,377,179</b>
<b>At 31 december 2020</b>	<b>1,950,983</b>	<b><u>1,950,983</u></b>
<b>At 31 december 2021</b>	<b>1,559,962</b>	<b><u>1,559,962</u></b>
<b>At 31 december 2022</b>	<b>1,109,377</b>	<b><u>1,109,377</u></b>
<b>At 31 december 2023</b>	<b>495,806</b>	<b><u>495,806</u></b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**17. Right-of-use assets (continued)**

Following the application of IFRS 16, the following amounts have been recognized in the income statement:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Expenditure with related amortization			
Usage rights	658,463	567,259	533,595
Interest on lease debt	57,548	26,650	35,702
<b>Totals</b>	<b>716,011</b>	<b>593,909</b>	<b>569,297</b>

*IAS 39*            **18. Other investments, including derivatives**

Investment securities are recognized in the financial statements in accordance with IAS 27 (reviewed in 2010), IAS 36 (reviewed in 2009), IAS 39 (reviewed in 2009) and IFRS 7 (issued in 2008). With the stipulation from the 4 standards, the company adopted the following policy for the recognition and valuation of shares and securities:

- investments in subsidiaries, jointly controlled entities and associates are recognized at cost ;
- short-term investments held for sale, unlisted on the stock exchange market, are recorded at cost. For value depreciation, the company makes adjustments (the depreciation treatment for these securities is determined by IAS 39, paragraph 63);
- short-term investments held for sale listed, on the stock exchange market, are recorded at fair value (the value of trading on the last day of the year). In case of winnings or losses, they will be recognized in capital. If there are any objective evidence of impairment (as presented in paragraph 59 of IAS 39), as well as gains and losses from exchange rate differences, the loss of value is recognized in the period result.

<b>Other investment</b>	<b>2023</b>			<b>2022</b>		
	<b>Book value</b>	<b>Allowance for impairment</b>	<b>Net worth</b>	<b>Book value</b>	<b>Impairment adjustments</b>	<b>Net worth</b>
<b>Long-term investment</b>						
Shares held at Kritom	684,495	684,495	0	684,495	684,495	0
<b>Total long-term investment</b>	<b><u>684,495</u></b>	<b><u>684,495</u></b>	<b><u>0</u></b>	<b><u>684,495</u></b>	<b><u>684,495</u></b>	<b><u>0</u></b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

*IAS 39*                **18. Other investments, including derivatives (continued)**

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

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

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

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

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

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

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

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

As of December 31, 2023, the Company had constituted adjustments for the total depreciation of these securities, i.e. at the level of RON 684,495, so that the net value as at December 31, 2023 was RON 0 (as of December 31, 2022, the same situation was recorded).

The factors that contributed to the constitution of these depreciations are the distrust and lack of transparency proved by the Greek partner, who manages the company, as we have indicated.

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

*IAS 40*      **19. Investment property**

		<u>2023</u>	<u>2022</u>
		<b>RON</b>	<b>RON</b>
<i>IAS 40.76(a)</i>	Balance on January 1st	596,638	522,236
<i>IAS 40.76(f)</i>	Acquisitions	9,809	71,537
<i>IAS 40.76(d)</i>	Transfer from tangible assets	0	0
<i>IAS 40.76(d)</i>	Free transfer/depreciation, transfer to tangible assets	0	(2,865)
	<b>Balance at December 31</b>	<b><u>606,447</u></b>	<b><u>596,638</u></b>

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

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

On 31.12.2023 the real estate investment was revalued by an independent external valuer. The valuation method used was the income approach.

**20. Inventories**

		<u>2023</u>	<u>2022</u>
		<b>RON</b>	<b>RON</b>
<i>IAS 1.78 (c),2.36(b)</i>	Raw materials and consumables	7,170,949	21,879,261
<i>IAS 1.78(c), 2.36(b)</i>	Work in progress	22,522,876	29,608,811
	Write-downs	(725,939)	(674,372)
	<b>Inventories at net value</b>	<b><u>28,967,886</u></b>	<b><u>50,813,700</u></b>

*IAS 1.104,2.36(e)(f)* Stocks are down 42.99% year-over-year. The maintenance of inflationary trends in 2023 for raw materials and materials, the preponderant delivery in 2024 of raw materials and materials related to constructions that will be completed in the following year, led to a lower level of stocks at the end of the year. For sheet stocks older than 3 years and for other stocks older than 2 years, without movement, the Company adjusted the book value, constituting a total depreciation of 725,939 lei.

**Evolution of inventory write-downs**

		<u>2023</u>	<u>2022</u>
		<b>RON</b>	<b>RON</b>
<i>IAS 1.104,2.36(e,g)</i>	Opening balance	(674,372)	(589,946)
<i>IAS 1.104, 2.36(e,g)</i>	Write-downs reversal	6,807	20,064
<i>IAS 1.104, 2.36(e,g)</i>	Write-downs	(58,374)	(104,490)
	<b>Closing balance</b>	<b><u>(725,939)</u></b>	<b><u>(674,372)</u></b>



**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**21. Fixed assets held for sale**

In 2023, the company did not register operations with non-current assets held for sale.

**22. Trade receivables and related, other receivables and accrued expenses**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
<i>IAS 1.78 (b)</i> Trade receivables in relation to related parties	97,098	-
Loans to directors	-	-
<i>IAS 1.78 (b)</i> Trade receivables	11,497,720	1,616,760
Impairment adjustments for trade receivables	(166,620)	(166,620)
<i>IFRS 7.8(c)</i> <b>Loans and net receivables</b>	<b>11,428,198</b>	<b>1,450,140</b>
<b>Long term</b>		
<b>Receivables – total</b>	<b>815,693</b>	<b>699,141</b>
Sundry debtors	408,936	514,341
Suppliers – debtors	107,073	34,150
VAT receivable and under settlement	84,179	270,978
Allowances for other receivables	(408,160)	(513,248)
Deferred expenses	153,995	161,622
Other expenses	469,670	222,722
Accrued expenses	0	8,576
<b>Total</b>	<b><u>12,243,891</u></b>	<b><u>2,149,281</u></b>

Trade receivables, as of December 31, 2023, registered an increase compared to the corresponding period of 2022 (by 469.67%). The significant increase is registered for trade receivables, but we specify that the balance of uncollected invoices refers to current invoices, most of which are already collected in the first days of 2024.

We also mention that, regarding the uncollected claim from VEKA, during 2022 it was paid in full by the Dutch partner, so that the dispute with VEKA was extinguished.

On 31.12.2022 there were, as in the previous year, in the records of the Agigea Branch, uncollected commercial claims (litigious customers), older than 1 year, originating from previous years and for which adjustments were constituted for the depreciation of receivables in the total amount of 166,620 lei.

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

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

**22. Trade receivables and related, other receivables and accrued expenses (continued)**

Company's trade receivables are denominated in the following currencies:

<b>Currency</b>	<u><b>2023</b></u>	<u><b>2022</b></u>
	<b>RON</b>	<b>RON</b>
USD		-
EUR	9,899,418	217,757
RON	1,695,400	1,399,003

Movements of the Company's receivables allowances are as follows:

	<u><b>2023</b></u>	<u><b>2022</b></u>
	<b>RON</b>	<b>RON</b>
On 1 January	166,620	166,620
Allowances reversed	-	-
Recognized allowances	-	-
<b>Balance at end of period</b>	<b>166,620</b>	<b>166,620</b>

In 2023, no impairments were established/resumed in connection with the Company's trade receivables.

**23. Short term investments**

	<u><b>2023</b></u>	<u><b>2022</b></u>
	<b>RON</b>	<b>RON</b>
Deposits in banks in RON	4,500,000	904,000
Deposits in banks in foreign currency	1,995,815	2,183,107
<b>Total</b>	<b><u>6,495,815</u></b>	<b><u>3,087,107</u></b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

---

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

**23. Short term investments (continued)**

Deposits with banks in lei and deposits with banks in foreign currency (euro), submitted by the Company as other short-term investments as at December 31, 2023, refer to deposits with a maturity between 3 months and one year.

**24. Cash and cash equivalents**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Bank accounts in RON	4,721,820	2,235,772
Bank account in foreign currencies (euro)	7,209,205	6,609,740
Petty cash in RON	9,264	5,795
Petty cash in foreign currencies	-	-
Other values	3,414	1,101
<b>Total</b>	<b><u>11,943,703</u></b>	<b><u>8,852,408</u></b>

The amounts in cash and cash equivalent registered an increase compared to the previous period (by 34.92%), as a result of the collection of advances and trade receivables towards the end of 2023.

The company has sufficient financial resources of its own that allow it to finance its current activity without resorting to loans.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**25. Capital and reserves**

**Share capital**

*IFRS 7.7*      The share capital structure on December 31, 2023 is as follows:

*IAS*

*1.79(a)(i),(iii)*

	<u>Number of shares</u>	<u>Amount</u> (RON)	<u>Percentage (%)</u>
Sea Container SERVICES S.R.L.	5,711,432	14,278,580	49,9998
SIF 4 Muntenia	4,704,937	11,762,342	41,1886
Other corporate shareholders	203,529	508,823	1,7818
Other individual shareholders	803,021	2,007,553	7,0299
	<b><u>11,422,919</u></b>	<b><u>28,557,298</u></b>	<b><u>100</u></b>

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.

Compared to the shareholding structure communicated by the Central Depository for the reference date 31.12.2022, there are changes in significant shareholders. Thus, in November 2023, significant changes occurred in the shareholder structure, meaning that the shareholders Transilvania Investments Alliance S.A. and Infinity Capital Investments S.A. sold their holdings in our company to Sea Container Services S.R.L., respectively SIF 4 Muntenia. We mention that during 2023, SIF 5 Oltenia Company changed its name to Infinity Capital Investments S.A.

Changes occurred at the level of other shareholders natural and legal persons, meaning that there was a slight increase in the holdings of legal entities to the detriment of individuals.

<b>Shareholders name</b>	<b>Percentage of ownership (%)</b>	
	<b>2023</b>	<b>2022</b>
Transilvania Investments Alliance	0	49.9998
Infinity Capital Investments	0	28.0168
Sea Container Services S.R.L.	49,9998	0
SIF 4 Muntenia	41,1886	13.1717
Other corporate shareholders	1,7818	1,7173
Other individual shareholders	7,0299	7,0944
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**25. Capital and reserves (continued)**

The company's shares are nominative, dematerialized, ordinary and indivisible.

The identification data of each shareholder, their contribution to the share capital, the number of shares owned and the shareholder's participation in the total share capital are mentioned in the shareholders' register kept by the registry company (Bucharest Central Depository) contractually designated for this purpose. Each share subscribed and paid by shareholders according to the law confers on them the right to one vote in the General Meeting of Shareholders, the right to elect or be elected to management bodies, the right to participate in the distribution of profits or any rights derived from the quality of shareholder.

Ownership of the share implies legal adherence to the statutes and subsequent amendments.

During 2023, there were no changes in the share capital.

**Reserves**

The company distributed, until the end of 2020, to legal reserves 5% of the profit before tax, up to the limit of 20% of the share capital. These amounts were deducted from the tax base when calculating corporate income tax. Legal reserves may not be distributed to shareholders.

During 2023, the company did not establish legal reserves because it reached the threshold of 20% of the share capital, according to art. 183 of the Companies Law no. 31/1990, republished, with subsequent amendments and completions.

Revaluation reserve	Total reserve	Reserves taxed	Untaxed reserves
Recorded before 2004	5,823,692	-	5,823,692
Recorded at 31.12.2006	1,479,579	975,316	504,263
Recorded at 31.12.2007	3,779,015	1,625,241	2,153,774
Recorded at 31.12.2009	1,015,329	589,718	425,611
Recorded at 31.12.2012	2,012,372	1,173,580	838,792
Recorded at 31.12.2013	147,622	93,050	54,572
Recorded at 31.12.2014	113,996	63,017	50,979
Recorded at 31.12.2015	4,499,055	1,978,514	2,520,541
Recorded at 31.12.2016	86,305	34,318	51,987
Recorded at 31.12.2017	102,030	31,637	70,393
Recorded at 31.12.2018	5,197,983	1,979,503	3,218,480
Recorded at 31.12.2019	127,351	22,741	104,610
Recorded at 31.12.2021	4,137,801	933,316	3,204,485
Recorded at 31.12.2023	38,638	-	38,638
<b>TOTAL</b>	<b>28,560,768</b>	<b>9,499,951</b>	<b>19,060,817</b>

Revaluation reserves related to revaluations made after January 1, 2004 will be taxed simultaneously with the deduction of tax depreciation when calculating taxable profit, respectively at the time of

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**25.        Capital and reserves (continued)**

deduction from management of fixed assets to which these reserves refer, according to tax regulations.

*IAS 1.107*            **Profit appropriation / Dividends declared and paid**

No dividends were distributed or paid during 2023.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**26. Earnings per share**

Earnings per share is calculated by dividing the net profit or loss for the year by the weighted average number of ordinary shares outstanding at the end of the year. Diluted earnings per share are determined by adjusting the net profit attributable to holders of ordinary shares and the weighted average number of shares in circulation, adjusted for the value of own shares held, with the diluting effects of all potential ordinary shares.

*IAS*      **Profit attributable to ordinary shares**

33.70(a)

	<u>2023</u>	<u>2022</u>
Profit (loss) for the period	3,453,687	(4,215,117)
Dividends for unredeemed preference shares	-	-
<b>Profit (loss) attributable to ordinary shares</b>	<b><u>3,453,687</u></b>	<b><u>(4,215,117)</u></b>

*IAS*      **Weighted average number of ordinary shares**

33.70(b)

	<u>2023</u>	<u>2022</u>
Ordinary shares issued on 1 January	11,422,919	11,422,919
Effect of own shares held	-	-
Effect of share options exercised	-	-
Weighted average number of ordinary shares at 31 December	11,422,919	11,422,919

*IAS*      **Profit attributable to ordinary shareholders**

33.70(a)

**(diluted)**

	<u>2023</u>	<u>2022</u>
Profit attributable to ordinary shareholders (basic)	3,453,687	(4,215,117)
Interest expense related to convertible bonds after tax	-	-
<b>Profit attributable to ordinary shareholders (diluted)</b>	<b><u>3,453,687</u></b>	<b><u>(4,215,117)</u></b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**26. Earnings per share (continued)**

<i>IAS 33.70(b)</i> <b>Weighted average number of ordinary shares (diluted)</b>	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares (basic)	11,422,919	11,422,919
Effect of conversion of convertible bonds	-	-
Effect of share options issued	-	-
Weighted average number of the ordinary shares (diluted) at 31 December	11,422,919	11,422,919
<b>Earnings per share</b>	<b>0.30</b>	<b>(0.01)</b>

**27. Loans**

*IFRS 7.7,8*      This note provides information on the contractual terms of the Company's interest-bearing loans, valued at amortised cost. For more information on the Company's exposure to interest rate risk, currency risk and liquidity risk, see also in note 28 of this package of notes to financial statements.

As of December 31, 2023, the Company did not have bank loans in its balance, nor did it have on December 31, 2022.

The amounts of guarantees granted by the Company for the global multi-option and multi-currency ceiling are shown below:

<u><b>Explanations guarantees</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>	
	<b>RON</b>	<b>RON</b>	
Land	612,373	584,951	BRD
Buildings	6,913,202	6,781,477	BRD
Receivables	51,153,812	47,554,409	BRD
Pledge (collateral deposit)	1,995,815	1,985,023	BRD

- As of December 31, 2023, the company had approved – as shown – a single global ceiling at BRD guaranteed as below.
- Buildings have been evaluated and taken as warranty at the following market value:
  - 2013 - 1,733,000 EUR      (\* 4.4847 RON/EUR= 7,771,985 RON)
  - 2014 - 1,733,000 EUR      (\* 4.4351 RON/EUR= 7,686,000 RON)
  - 2014 - 640,204.14 EUR      (\* 4.4821 RON/EUR= 2,869,459 RON)



**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**27. Loans (continued)**

- 2015 - 1,615,300 EUR      ( \* 4.5245 RON/EUR=7,308,424 RON)
  - 2016 – 1,512,800 EUR      ( \* 4.5411 RON/EUR=6,869,776 RON)
  - 2017– 1,512,800 EUR      (\* 4.6597 RON/EUR=7,049,194 RON)
  - 2018 - 1,512,800 EUR      (\* 4.6639 RON/EUR=7,055,548 RON)
  - 2019 - 1,512,800 EUR      (\* 4,7793 RON/EUR = 7,230,125 RON)
  - 2020 - 1,512,800 EUR      (\*4,8694 RON/EUR = 7,366,428 RON)
  - 2021 – 1,512,800 EUR      (\*4.9481 RON/EUR = 7,485,486 RON)
  - 2022 – 1,512,800 EUR      (\*4,9474 lei/EUR = 7,484,427 RON)
  - 2023 - 1,512,800 EUR      (\*4,9746lei/EUR = 7,525,575 RON)
3. Receivables -value of letters of credit that will be charged by the concerned bank (BRD):
- 2013 - 3,566,760 EUR      ( \* 4.4847 RON/EUR= 15,995,848 RON)
  - 2014 - 2,213,440 EUR      ( \* 4.4821 RON/EUR= 9,920,859 RON)
  - 2015 - 4,472,000 EUR      ( \* 4.5245 RON/EUR= 20,233,564 RON)
  - 2016 - 2,480,000 EUR      ( \* 4.5411 RON/EUR=11,261,928 RON)
  - 2017- 0 EUR      (\* 4.6597 RON/EUR= 0 RON)
  - 2018—1,745,000EUR      (\*4.6639 RON/EUR=8,138,506 RON) + assignment  
receivables 11,197,000EUR\*4.6639=52,221,688 RON
  - 2019 - 2,310,000 EUR      ( \* 4,7793 RON/EUR = 11,040,183 RON ) + assignment  
receivables 9,842,730 EUR \* 4.7793 = 47,041,359 RON
  - 2020 - 0 EUR
  - 2021 – 0 EUR
  - 2022 – 2,165,500 EUR      (\*4,9474 lei/EUR = 10,711.121 RON)
  - 2023 – 0 EUR
4. Pledge on a deposit in the amount of 401,201 EUR BRD, plus accrued interest of:
- 2013 - 589,000 EUR      ( \* 4.4847 RON/EUR= 2,641,488 RON)
  - 2014 - 589,000 EUR      ( \* 4.4821 RON/EUR= 2,639,957 RON)
  - 2015 - 642,714.64 EUR      ( \* 4.5245 RON/EUR=2,907,962 RON)
  - 2016 – 400,000 EUR      ( \* 4.5411 RON/EUR=1,816,440 RON)
  - 2017- 400,600 EUR      ( \* 4.6597 RON/EUR=1,863,80 RON)
  - 2018 - 401,000 EUR      ( \* 4.6639 RON/EUR = 1,870,227 RON )
  - 2019 - 401,201 EUR      ( \* 4.7793 RON/EUR = 1,917,460 RON )
  - 2020 - 401,201 EUR      ( \* 4.8694 RON/EUR = 1,953,608 RON)
  - 2021 – 401,201 EUR      ( \* 4.9481 RON/EUR = 1.985.183 RON)
  - 2022 – 401,201 EUR      (\* 4,9474 lei/EUR = 1.985.022 RON)
  - 2023 – 401,201 EUR      (\*4,9746 lei/EUR = 1,995,815 RON)

By credit agreement no. 70 / 31.07.2013 and addendum no. 12 / 27.06.2023, BRD-GSG Orşova granted the Company a credit facility in the form of an unconfirmed, multi-options and multi-currency global ceiling, amounting to EUR 1,500,000 (one million five hundred thousand), valid until 30.06.2024 and a ceiling for covering foreign exchange risk amounting to USD 2,069,000.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**27. Loans (continued)**

The overall unconfirmed limit has several sub-limits, as mentioned below, provided that the maximum value of sub-limits does not exceed in any moment the total amount of 1,500,000 EUR limit.

- Unconfirmed and bi-currency credit line facility in value of maximum 1,500,000 EUR, usable in the following currencies: RON and EUR;
- Facility for issuing letters of guarantee ("SGB facilities") - a maximum of 1,500,000 EUR, usable in the following currencies: RON and EUR, with an issuing date valid until 30.06.2024. Validity of guarantee letters issued shall not exceed 24 months from the issue date;
- Facility for the letters of credit opening – amounted to 500,000 EUR with maturity for 24 months.

The credit facility is destined to finance current activities of the borrower and/or guarantee his obligations, as well as to perform transactions with derivatives.

**28. Leases' liabilities**

**Financial leases**

As of December 31, 2023, the Company has not concluded financial leasing contracts.

**Operating leases**

The total commitments included in the leasing contract concluded with the National Company for the Administration of Maritime Ports Constanta as of December 31, 202, recognized in accordance with IFRS 16, is RON 1,140,051. When updating the leasing payments at the end of 2022, as the company has no other loans contracted, it used the monetary policy interest rate of the BNR, of 6.75%.

The maturity of the leasing liabilities is as follows:

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Initial year				
Year 1				502.135
Year 2			525.239	512.270
Year 3		568.917	568.917	522.610
Year 4	634.972	634.972	580.401	533.159
Year 5	549.970	505.078	442.976	406.920
Total	1.184.942	1.708.967	2.117.533	2.477.094
<b>Debt balance 31 december</b>	<b>549.970</b>	<b>1.140.051</b>	<b>1.592.294</b>	<b>1.974.959</b>
- Long term	-	505.079	1.023.377	1.462.689
- Short term	549.970	634.972	568.917	512.270

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**29. Employee benefits**

**a)      The 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 - 31 December 2023 amounted to 593,447 lei (597,996 lei in 2022), in accordance with the provisions of the Articles of Association and the remuneration policy of the Company.

In 2023, variable remuneration was not granted to directors and the managing director.

The Company did not grant advances or credits to directors or directors during the financial year ended December 31, 2023.

*Wage expenses*

	<b>Financial year ended at <u>31 December 2023</u> RON</b>	<b>Financial year ended at <u>31 December 2022</u> RON</b>
Administrators	593,447	597,996
Directors	1,279,500	1,188,461
	<b>1,872,947</b>	<b>1,786,457</b>

As far as the Board of Directors is concerned, during 2023 there were changes in its composition, as follows:

- On 31.05.2023, Mr. Mircea Ion Sperdea resigned from the position of member of the Board of Directors, Mr. Chindris Gheorghe being provisionally appointed to the vacant position;
- On 16.11.2023, Mr. Enescu Radu Valentin and Mr. Chindris Gheorghe renounced their mandates as directors of the company, so that, on the vacant positions, the Board of Directors appointed as provisional members Mr. Ion Dumitru and Mr. Fainarea Marius.

Thus, the composition of the Board of Directors on 31.12.2023 is as follows:

Mr. Rosca Radu-Claudiu – President  
Mr. Ion Dumitru - Vice-president  
Mr. Fainarea Marius – Member  
Mr. Zoescu Mihai – Member  
Mr. Mihai Constantin-Marian – Member

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**29. Employee benefits (continued)**

The indemnities and other rights granted to directors are provided in art. 19 of the Articles of Association and in the management contracts, which were approved in the General Meeting of Shareholders on October 2, 2020, respectively in the General Meeting of Shareholders on May 29 2023, and the salary and other rights due to the Director General were established by the Board of Directors, within the limits provided in art. 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 ends on 09.11.2026.

*Salaries payable due at period end:*

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>RON</b>	<b>RON</b>
Administrators	28,931	29,154
Directors	23,047	30,031
	<b>51,978</b>	<b>59,185</b>

**b) Employees**

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

	<b>Financial year ended at <u>31 December 2023</u></b>	<b>Financial year ended at <u>31 December 2022</u></b>
Administrative staff	44	44
Direct productive staff	237	237
Indirect productive staff	56	61
	<b>337</b>	<b>342</b>

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**30. Provisions**

		<u>Warranty</u>	<u>Employee benefits</u>	<u>Litigations</u>	<u>Other Provisions</u>	<u>Total</u>
<i>IAS</i> <i>37.84(a)</i>	<b>Balance at January 1, 2023</b>	-	<u>145,527</u>	<u>956,035</u>	<u>578,030</u>	<u>1,679,592</u>
<i>IAS</i> <i>37.84(b)</i>	Provisions recognized during the current period	-	60,425	-	594,773	655,198
<i>IAS</i> <i>37.84(c)</i>	Reversal of provisions during the current period	-	-	-	-	-
<i>IAS</i> <i>37.84(d)</i>	Complete reversal of provisions during the current period	-	145,527	956,035	578,030	1,679,592
<i>IAS</i> <i>37.84(a)</i>	<b>Balance at December 31, 2023</b>	-	<u>60,425</u>	<u>0</u>	<u>594,773</u>	<u>655,198</u>

**Provisions for employee benefits**

As of December 31, 2023, the company had provisions for employee benefits upon retirement amounting to RON 60,425 (RON 156,916 as of December 31, 2022).

*IAS 1.125*

**Litigation**

As of December 31, 2023, the Company has no provisions for litigation. The provision in the amount of 956,035 lei, representing interest-damages requested by the former President of the Board of Directors of the Company - Mr. Fercală Mihai and by a former member of the Board of Directors - Mr. Pantea Marius Ioan, for the revocation from the positions held, before the expiration of the mandate, were resumed to income during 2023, the disputes in question being finally settled in favor of the company.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**30. Provisions (continued)**

**Other provisions**

On December 31, 2023, the company had provisions for unpaid holidays amounting to RON 594,773 (2022: RON 578,030).

**31. Trade payables and other liabilities**

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Trade payables - short term	10,170,697	17,623,350
- <i>Supplier debts</i>	1,479,712	1,285,352
- <i>Advances received from customers</i>	8,690,985	16,337,998
Social security and other taxes	1,211,915	1,104,492
Suppliers - invoices to be received	810,355	1,103,355
Other creditors	1,691,827	1,833,827
Commercial debts – long term (leasing, guarantees)	60,040	555,829
<b>Total</b>	<b><u>13,944,834</u></b>	<b><u>22,220,853</u></b>

Short-term commercial liabilities mainly relate to payment obligations to suppliers and advances received from customers, with both types of obligations decreasing compared to the previous year

**32. Financial instruments**

**General presentation**

The Company is exposed to the following risks from financial instruments usage:

- Credit risk
- Currency exchange risk
- Liquidity risk
- Market risk

These notes disclose information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for risk assessment and management, and the procedures used to manage capital. Other quantitative information is also included in these separate financial statements.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**32. Financial instruments (continued)**

**The general risk management**

The Board of Directors has overall responsibility for establishing and supervising the overall risk management framework at Company level.

The Company's risk management policies are defined so as to ensure the identification and analysis of risks faced by the Company, the establishment of appropriate limits and controls, and the monitoring of risks and compliance with established limits.

Risk management policies and systems are regularly reviewed to reflect changes in market conditions and in the Company's activities. The company, through its training and management standards and procedures, aims to develop an orderly and constructive control environment in which all employees understand their roles and obligations.

The Company's internal auditor performs standard and ad hoc review missions of controls and risk management procedures, the results of which are presented to the Board of Directors.

**Credit risk**

Credit risk is the risk that the Company incurs a financial loss as a result of the default of a client or counterparty to a financial instrument, and this risk results mainly from the Company's trade receivables and financial investments.

Credit risk arises when a counterparty's default could reduce cash flow inflows from trade receivables presented at the date of the financial statements. The company has a significant concentration of credit risk. The company applies specific policies to ensure that the sale of products and services is carried out in such a way that the trade credit granted is adequate and continuously monitors the age of receivables.

*Credit risk exposure*

*IFRS. 7.36(a)* The book value of financial assets represents the maximum exposure to credit risk.

The maximum exposure to credit risk at the reporting date was as follows:

	<u>Note</u>	<u>2023</u> <b>RON</b>	<u>2022</u> <b>RON</b>
Trade receivables	22	11,594,818	1,616,760
Cash and cash equivalents	24	11,943,703	8,852,408

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**32. Financial instruments (continued)**

*IFRS. 7.34(a)*      The maximum exposure to credit risk on loans and receivables at the reporting date by geographic region was as follows:

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Internal market	1,695,400	1,399,003
USD area	-	-
EUR area	9,899,419	217,757
Other regions	-	-
	<b><u>11,594,818</u></b>	<b><u>1,616,760</u></b>

*IFRS. 7.34(a)*      The maximum exposure to credit risk on loans and receivables at the reporting date based on the type of counterparty was as follows:

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Wholesalers	-	-
Retailers	-	-
Final consumers	-	-
Others	11,594,818	1,616,760
<b>TOTAL</b>	<b><u>11,594,818</u></b>	<b><u>1,616,760</u></b>

The company, by virtue of the nature of its activity, markets its products and services on the foreign market, particularly in the European Community. The products produced are of high value (sea and river vessels) with a long manufacturing cycle and address a relatively narrow market segment. That is why, when concluding commercial contracts, it is envisaged, as far as possible, to collect an advance when signing the contract, and in order to collect the difference, it is provided to guarantee the payment by an irrevocable letter of credit. The number of customers and the percentages held in the total deliveries for the last 2 years are as follows:

<b>CLIENT / BENEFICIARY</b>	<b>YEAR 2022</b>	<b>YEAR 2021</b>
Rensen Driessen Shipbuilding B.V. (NL)	38,59%	77,07%
Gebr De Jonge (NL)	39,49%	-
GEFO GESELLSCHAFT FUR OEL TRANSP	12,82%	22,93%
BLACK SEE (RO)	9,10%	-
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>



**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**32. Financial instruments (continued)**

In the financial year 2023, deliveries of ships built in Orsova were concentrated to 2 customers (Rensen Driessen Shipbuilding B.V. and Gebr De Jonge), and as a share it is noted that deliveries to Gebr De Jonge were higher than those to Rensen Driessen Shipbuilding B.V. (in recent years Rensen Driessen Shipbuilding B.V. held the dominant position in total deliveries). We mention the delivery in 2023 of a pontoon to an internal customer.

Regarding the ship repair activity, carried out mainly by the Agigea branch, it had as main clients the companies NAVROM GALATI and ADM ROMANIA LOGISTICS.

*Receivables Allowances*

*IFRS 7.37(a)*      Aging of loans and trade receivables at the reporting date was as follows:

	<b>Depreciation</b>	<b>Gross</b>	<b>Depreciation</b>	<b>Gross</b>
	<b>2023</b>	<b>Value</b>	<b>2022</b>	<b>Value</b>
	<b>lei</b>	<b>lei</b>	<b>lei</b>	<b>lei</b>
Before due	-	11,318,792	-	1,232,524
Overdue from 30 days -1 year	-	-	-	217,616
Overdue from more than one year or litigious	(166,620)	276,026	(166,620)	166,620
<b>Total</b>	<b>(166,620)</b>	<b>11,594,818</b>	<b>(166,620)</b>	<b>1,616,760</b>

**Liquidity risk**

Liquidity risk is the risk that the Company may encounter difficulties in fulfilling its contractual obligations associated with financial liabilities that are settled in cash.

The Company's approach regarding liquidity risk is to ensure, as far as possible, that it has at any moment sufficient liquidity to settle its liabilities when they fall due, both under normal conditions and under difficult conditions, without incurring material losses or jeopardizing the reputation of the Company.

In order to prevent certain situations that could make the company unable to meet its payment obligations in time, as the company has shown, it has one global ceiling contracted with BRD bank.

<b>Variable rate loans</b>	<b>2023</b>	<b>2022</b>
Up to 1 year	-	-
Between 1 and 5 years	-	-
Over 5 years	-	-

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**32. Financial instruments (continued)**

The Company is exposed to foreign currency risk through sales, purchases and loans that are denominated in their currencies other than the functional currency of the Company, however the currency in which the most transactions are settled is RON.

*IFRS 7.34*      *Exposure to currency risk*

Company exposure to currency risk is presented below, based on national values:

	<u>2023</u>		<u>2022</u>	
	<u>EUR</u>	<u>USD</u>	<u>EUR</u>	<u>USD</u>
	<u>lei</u>	<u>lei</u>	<u>lei</u>	<u>lei</u>
Trade receivables	11,428,198	-	1,450,140	-
Guaranteed bank loans	-	-	-	-
Unsecured bank loans	-	-	-	-
Trade payables	10,230,737	-	18,179,179	-

Also in 2023, amid the depreciation of the leu and the oscillating evolution of the leu/euro parity, the Company concluded new hedge transactions with derivatives to prevent exposure to currency risk.

The exchange rates of the national currency in relation to EUR, USD, calculated as an average of the exchange rates recorded during the reporting year and the previous year, as well as the exchange rates communicated by the National Bank of Romania on the last day of the year, were:

<b>Currency</b>	<u>Average rate</u>		<u>Spot rate at the reporting date</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>RON</b>				
<b>EUR</b>	<b>4,9465</b>	<b>4,9315</b>	<b>4,9746</b>	<b>4,9474</b>
<b>USD</b>	<b>4,5743</b>	<b>4,6885</b>	<b>4,4958</b>	<b>4,6346</b>

**a. Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and cash flow may be affected by fluctuations in the market interest rate, but since the Company does not have, and has not had in recent years, contracted short- and long-term loans (bearing interest rates that also have a variable component), this risk is very low for SNO.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**32. Financial instruments (continued)**

**b. Capital management**

The Company's objectives in capital management are to provide protection and ability to reward its shareholders, to maintain an optimal capital structure in order to reduce capital costs.

In order to maintain or modify its capital structure, the Company may alter the amount of dividends paid to shareholders, return on shareholder capital, issue new shares or sell assets to reduce liabilities.

The company monitors the volume of attracted capital based on indebtedness. This ratio is calculated as the ratio of net debt to total capital. Net liabilities are calculated as total net cash liabilities. Total capital is calculated as equity plus net liabilities.

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
Total liabilities	18,376,919	27,934,742
Cash and cash equivalents	11,943,703	8,852,408
<b>Total shareholders' equity</b>	<b><u>99,806,115</u></b>	<b><u>105,918,714</u></b>

**33. Contingent assets and contingent liabilities**

**a. Litigation and disputes**

The company has registered before the courts a number of shares resulting from the company's activity. The Company's management believes that these actions will not have a material adverse effect on the Company's economic results and financial position.

**b. Taxation**

The taxation system in Romania is in a phase of consolidation and harmonization with European legislation. However, there are still different interpretations of tax legislation. In certain situations, tax authorities may treat certain matters differently by calculating additional taxes and duties and related late payment penalties (0.1% per day until 30 June 2010). With effect from 1 July 2010, the interest charged for each day of delay has changed to 0.04% and the applicable penalty rates have been set at 5% for a number of days of delay between 30 and 60 and at 15% for delays of more than 60 days.

As of 1 July 2013, the interest charged for each day of delay has been set at 0.04% and the penalty rates applicable for each day of delay have changed to 0.02%. For the period after 1 January 2016, the interest charged for each day of delay was set at 0.02% and the penalty rates applicable for each day of delay were changed at 0.01%. In Romania, the fiscal year remains open for fiscal verification for 5 years. The Company's management considers that the tax obligations included in these financial statements are adequate.

**Şantierul Naval Orşova S.A.**  
**Separate financial statements 2023 in accordance with IFRS as adopted by EU**

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

**33. Contingent assets and contingent liabilities (continued)**

**c. Restructuring**

In 2023, the company did not make any layoffs. However, there is a decrease in the average number of employees by 1.46%, compared to the previous year (2023: 337 employees, 2022: 342 employees). At the date of preparation of the financial statements, the company does not have a personnel restructuring plan.

**d. Administrators remuneration**

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 incorporation 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 variable remuneration due to directors is approved by the Ordinary General Meeting of Shareholders which approves the annual financial statements and will be based on the profit achieved before tax.

**e. Onerous contracts**

An onerous contract is a contract where the mandatory costs of fulfilling the contractual obligations outweigh the economic benefits to be obtained as a result. These mandatory costs shall reflect at least the net cost of exiting the contract, which is the minimum of the cost of performing the contract and any compensation or penalties resulting from non-performance. The company had no onerous contracts in place as of December 31, 2023.

**f. The contingent liabilities related to the environment**

Environmental regulations are under development in Romania and the Company did not register any obligations as of December 31, 2023 for any anticipated costs, including legal and consultancy fees, site studies, design and implementation of remediation plans, regarding environmental elements.

The Company's management does not consider the expenses associated with possible environmental problems to be significant.

**g. Insurances**

At the end of 2023, the Company has concluded insurance policies for owned cars and mortgaged tangible assets. For 2023, the company has concluded group insurance for employees, partly for directors, and for the general manager.

**33. Contingent assets and contingent liabilities (continued)**

**h. Transfer price**

Romanian tax legislation contains transfer pricing rules between affiliated persons since 2001. The current legislative framework defines the principle of "market value" for transactions between affiliated persons, as well as transfer pricing methods. As a result, it is expected that tax authorities will initiate thorough transfer pricing checks to ensure that the tax result and/or customs value of imported goods are not distorted by the effect of prices charged in relations with related parties.

**i. Warranty letters**

On 31.12.2023, one of the banks through which commercial operations are carried out, BRD, had issued for our company two letters of guarantee, respectively:

- 177,181 lei in favor of the National Company Constanta Maritime Ports Administration
- EUR 155,000 in favor of Black Sea.

**34. Related parties**

Between January and November 2023, Transilvania Investments Alliance S.A. Brasov was affiliated to Shipyard Orşova S.A. It held 49.9998% of the share capital of Shipyard Orşova S.A. being a closed-end financial investment company, self-managed in a two-tier system by a directorate, under the control of a Supervisory Board, classified in the category "Other collective investment undertakings (A.O.P.C), with a diversified investment policy" and authorized as Alternative Investment Fund Manager (A.F.I.A.).

Transilvania Investments Alliance S.A has its administrative headquarters in Braşov, str. Nicolae Iorga, Nr.2, is registered with ORC Brasov under no. J 08/3306/1992 and is identified by the unique registration code (CUI) no. 3047687.

The share capital of Transilvania Investments Alliance S.A., amounting to RON 216,244,379.70, is composed of 2,162,443,797 registered, common shares, issued at the face value of RON 0.1/share, being traded at B.V.B., as of November 1st, 1999.

The investment portfolio of Transilvania Investments Alliance S.A. is made up of shares held in listed companies, as well as unlisted in various fields of activity: tourism, finance, machine building industry, a group of which the Orsova Shipyard SA is a part, other branches of the national economy, banks, insurances.

Transilvania Investments Alliance S.A. aims to manage the investments in the portfolio and to permanently identify investment opportunities, under the conditions of ensuring a reasonable level of investment risk dispersion, in order to offer shareholders the possibility of obtaining attractive performances, while increasing the invested capital. The investment portfolio consists of shares, bonds and other financial instruments, the main sectors of activity in which the company holds stakes being tourism, the financial sector (banking and non-banking), the real estate and energy sectors.

The depository services of the financial instruments held in the portfolio are provided by BRD-Groupe Societe Generale, and the annual financial statements of the company are audited by the (statutory) financial auditor Deloitte Audit S.R.L. Bucharest.

Transilvania Investments Alliance S.A is a member of the European Private Equity & Venture Capital Association (E.V.C.A.) based in Brussels, of the Romanian Fund Managers Association (A.A.F.) and of the Chamber of Commerce and Industry Brasov.

During the financial year ended December 31, 2023, the Company performed transactions with affiliated entities (entities controlled by Transilvania Investments Alliance S.A), as follows:

	<u>2023</u>	<u>2022</u>
	<b>RON</b>	<b>RON</b>
THR Marea Neagră	18,840	1,523
Romradiatoare Brasov	-	3,436
Aro Palace Brasov	1,227	267

**34. Related parties (continued)**

As of November 14, 2023, following the sale by Transilvania Investments Alliance S.A. of its holdings of 49.9998% of the share capital of Shipyard Orşova S.A., to See Container Services S.R.L., the latter becomes an affiliated party of our company.

SEA CONTAINER SERVICES S.R.L. has its registered office in Constanta, Port Precinct, Lot B1, Production Hall – C1, Administrative Building – C2 and concrete platform – C3, jud. Constanta, is registered at ORC Constanta under no. J13/1384/2000 and is identified by the unique registration code (CUI) 13233113, unique identifier at European level (EUID) ROONRC. J13/1384/2000.

The share capital of SEA CONTAINER SERVICES S.R.L. worth 1120 LEI, is divided into 112 shares of 10 LEI / share each.

The investment portfolio of SEA CONTAINER SERVICES S.R.L. consists of the shares held at Shipyard Orşova S.A. Also, SEA CONTAINER SERVICES S.R.L. holds a 50% participation in the profit and loss, as well as in the share capital of FERRY LOGISTIC SRL (CUI: 47933758), a company that together with its Georgian partner, E60 Shipping Line LLC operates the sea line RO-RO Constanta (Romania)- Poti (Georgia).

Sea Container Services S.R.L., is a private capital company founded in Constanta in 2000 based on the experience of its associates in the field of activities related to water transport, as well as port specific activities. Sea Container Services S.R.L. carries out activities of loading / unloading ships (NACE CODE 5224), cargo storage (NACE CODE 5210), freight forwarding (NACE CODE 5229) and weighing (NACE CODE 5229), and renting and subletting of own or leased real estate (NACE code 6820).

The depository services of the financial instruments held in the portfolio are provided by DEPOZITARUL CENTRAL S.A., and the annual financial statements of the company are audited by EGIDALCO S.R.L., based in Constanta, str. Stefan Octavian Iosif nr. 8, Room nr. 2, jud. Constanta, registered with the Trade Registry under no. J13/2872/1995, CUI: 7891351, member of the Chamber of Financial Auditors of Romania (CAFR) with authorization number 1276/2015. Trading in financial instruments is carried out through the company

BT CAPITAL PARTNERS S.A.

Sea Container Services S.R.L. is a member of the Union of Romanian Forwarding Companies (U.S.E.R.), member of FIATA (International Federation of Freight Forwarders Associations), member of the Employers' Organization CONSTANȚA PORT BUSINESS ASSOCIATION and member of the Constanta Chamber of Commerce and Industry.

In 2023, the volume of transactions with See Container Services S.R.L. was 522,049 lei, including VAT, of which between November and December 2023 it was 26,050 lei, including VAT.

In accordance with IAS 24 "Disclosure of Related Parties", paragraphs 17–18, we specify that:

- outstanding balances of receivables and payables between related parties are related to commercial transactions that are carried out under terms and conditions similar to terms and conditions that would have been accepted by third parties and are not guaranteed;
- we cannot provide additional information on the guarantees given or received because it was not the case to set up;
- we did not make impairment adjustments for doubtful receivables related to outstanding balances and we did not incur expenses on bad or doubtful receivables owed by related parties because this was not the case.

**35. Events after the balance sheet date**

The energy crisis and the armed conflict taking place on the territory of Ukraine, the restrictions imposed internationally on the Russian Federation and Belarus, bring uncertainties in the economic and financial plan and implicitly determine the existence of a risk regarding the possibility of unpredictable developments regarding the level of economic and financial indicators budgeted by the Company, respectively the reconsideration of the aspects underlying the estimation of inventory values for the Company's assets.

The separate financial statements were approved by the Board of Directors on March 12, 2024 and signed by:

Administrator,  
Ec. Radu Claudiu Rosca

Prepared by,  
Ec. Marilena Vişescu