

ŞANTIERUL NAVAL ORŞOVA S.A.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ACCORDING TO LAW NO. 24/2017 AND THE ASF REGULATION NO. 5/2018 concerning the issuers of financial instruments and market operations AND OF THE MFP ORDER NO. 2844/12.12.2016 FOR THE FINANCIAL YEAR CONCLUDED ON 31.12.2024

Date of the Report: 12th of March 2025

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



1. ANALYSIS OF THE COMPANY'S ACTIVITY

The year 2024, marked by the challenges of inflation manifested in the general economic environment but also by the geopolitical developments determined by the war in Ukraine, ended with financial results close to the levels projected for this year, but we still note that the company's performance was superior to recent years.

1.1. Description of the company's core business

a) Description of the company's core business

The company "Şantierul Naval Orşova" S.A. has as its main object of activity the construction of river vessels (NACE code rev.2: 3011 "Construction of ships and floating structures"). This activity, down 9.29% compared to 2023 and carried out at the headquarters in Orsova, accounted for 76.75% of the turnover of 2024, the ships built being intended for intra-community deliveries.

In 2024, the activity with a large share in the turnover of the Agiea branch was that of river/sea ship repairs (55.18%). Of the 5 rooms in the branch's patrimony, rental solutions were found during 2024 for three of them, and the revenues from this activity accounted for 30.70% of the branch's turnover. The turnover achieved by the branch increased by 50.42% compared to the previous year, but its share in total turnover increased by 6.72% (from 13.45% in 2023 to 20.17% in 2024).

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

The company was established on the basis of Government Decision no. 19/10.01.1991, by transforming and taking over the patrimony of the former Orsova Shipyard, subordinated to the Ministry of Transport and Telecommunications.

It is registered at the Trade Register Office under no. J25/150/1991.

In 1998, through the sale of the shares held by the former FPS, the company became a company with fully private capital, domestic and foreign.

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

In 2024, no such events were recorded.

The only merger operation, since the establishment of the company until now, took place in 2008. It is a merger by absorption: Societatea Şantierul Naval Orşova SA, jud. Mehedinţi being the absorbing company and the company Servicii Construcţii Maritime SA Agiea, county. Constanta, being the absorbed company. Following this merger, the main headquarters of the company remained in Orşova, and the former company from Agiea became a branch of the company Şantierul Naval Orşova SA. On this occasion, the company's share capital increased from RON 21,643,150 to RON 28,557,297.5, and the number of shares increased from RON 8,657,260 to RON 11,422,919, each share having a nominal value of RON 2.5/share. Since the merger and until the date of this report, the share capital and the number of shares have remained unchanged.

d) Description of assets acquisitions and/or sales:

Acquisitions and disposals of assets are described in paragraph 5.4 of this report, as well as in the NOTES to the 2024 financial statements, which are attached to this report.

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

1.1.1. General assessment elements for the period under review (year 2023):

- total income, out of which: 101.160.240 lei
 - Agigea Branch 22.434.764 lei
- total costs 93.618.425 lei
 - out of which Agigea Branch 16.775.322 lei
- gross profit, out of which: 7.541.815 lei
 - Agigea Branch 5.659.442 lei
 - Orsova headquarters 1.882.373 lei
- market share held:
 - the production obtained at the headquarters addresses the market share of intra-community river ships, where the company holds a share of approximately 1 - 2%;
 - the rental of ships (barges) through the branch was done during the last part of the year, within the country where the share is approximately 5%;
- as of 31.12.2024, the company's available funds in accounts amounted to 10.955.209 Lei, out of which:
 - 3.823.448 lei in the Lei account
 - 7.125.266 lei in the foreign currency accounts
 - 6.144 lei, petty cash
 - 351lei other values

The main characteristics of the year 2024, compared with the previous years, could be shortly synthesized by:

- Maintaining low demand in the river vessel segment, on which our company operates; Even if an increase in the sale prices of ships was felt, this was as a consequence of the increase in the prices of raw materials and materials on the one hand, and of services on the other. Even under these conditions, the company managed to have its entire production capacity covered for 2024.
- An increase in the activity of the Agigea Branch compared to previous years, mainly as a result of the fact that greater attention was paid to the development of the ship repair activity (the revenues from the ship repair activity became preponderant in the turnover of the branch), but also to the revival of the salanda rental activity.
- The good name that the company has on the European builders' market has contributed to a good extent in obtaining new shipbuilding orders.

Further information and comments in relation to these indicators and the company's activity are presented in paragraph 4 of this report and in the NOTES to the financial statements, which are attached to this report.

1.1.2 The assessment of the technical level of the trading company

The company's object of activity is diversified, the two offices having different but complementary roles in achieving the objectives. Thus, the activities carried out include: the construction and intra-community delivery of river vessels (headquarters in Orșova), the rental of

own barges in the intra and extra-EU space and repairs of ships belonging to third parties (Agigea branch). For shipbuilding, the company has the technical equipment and specialists necessary for this type of construction. The organizational system, the technical culture, the equipment, the technological flows specific to the construction of ships, allow, therefore, the execution and delivery of river and sea ships of various types and increased complexity.

Orsova Shipyard offers customers a wide range of products. Currently, it is possible to build any type of river cargo ship (containers, fuel tanks, chemicals, food, pharmaceuticals), but also to build coastal ships and passenger ships.

The company's management has shown and continues to show a continuous concern for the modernization of production processes, by purchasing the most modern equipment specific to the naval field. Aware of the fact that the company must maintain a level of endowment corresponding to the current requirements, major investments have been made for the purchase of machines, equipment, modern equipment and work facilities for the construction of river vessels. Qualification and selection courses for employees were carried out, exchanges of experience in the country and abroad, as well as actions to modernize the existing equipment, both at the headquarters in Orsova and at the branch in Agigea. Also, competitive equipment specific to shipyards (80+25 ton electric cranes, plasma cutting machines, with numerical control, high definition, sandblasting/painting equipment, welding sources in a gas-protective environment) and IT equipment were purchased, together with the licenses and programs necessary for proper operation, high-performance ventilation systems.

If in 2013 and 2014 the modernization and expansion of the lifting and launching capacity of the Orsova slipway was carried out, the project for the repair and modernization of the Agigea slipway is currently in the completion phase.

In 2024, at the main headquarters in Orșova, high-performance, automatic welding equipment was purchased, including a micro twin welding robot, a 47 ton crane, a belt cutting machine. Also, the process of repairing and modernizing the transport and lifting facilities continued.

At the Agigea branch, an industrial hydroblasting equipment was purchased and the modernization works at the launch slipway continued.

The long and fruitful collaboration with partners from the Netherlands can be attributed to the fact that the company has sought, in a very special way, to satisfy their requirements, by rigorously achieving the imposed quality standards. A special attention is paid to the execution of the finishes, especially in the aesthetic areas.

The implemented quality assurance system is able to cope with the most modern requirements, the company being certified by LLOYD'S REGISTER QUALITY ASSURANCE; During 2019, the company also obtained the Quality System Certification in accordance with the new DIN ISO 9001:2015 standard (certificate no. 10186440 in the field of "Construction and repair of ships and boats").

SANTIERUL NAVAL ORSOVA SA has at its disposal:

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

The Orsova Shipyard benefits from a favorable conjuncture, a premise for sustainable development, for the following reasons:

- - the geographical location is advantageous, both in the case of the headquarters in Orsova (city located on the banks of the Danube) and in that of the branch in Agigea (in the port of Constanta);
- - the possibilities of adapting to market requirements are increased, the status of medium-sized shipyard opening the prospect of business diversification;
- - pollution is within normal limits (pollution is not a disturbing factor);
- - the share of external deliveries and services in 2024 is over 75% of the turnover;
- - the company has qualified personnel, in accordance with the requirements of the technological process; we note, however, that there is a trend of increasing the average age of employees;
- - the endowment with specific fixed assets is at a reasonable level (comparable to that of other shipyards operating on the same segment); In this direction, the company started, many years ago, an investment program that aimed, on the one hand, at increasing the share of active fixed assets, and on the other hand, at replacing the means of production with a high degree of physical and moral wear and tear with much more efficient ones, likely to ensure a higher productivity; This strategy aimed to increase the flexibility and efficiency of fixed assets and to bring them to a technical and technological level that would allow the production of products that correspond to the standards imposed by external customers;
- - the marketing of ships involves the conclusion of direct contracts with the shipyards that arm the shipyards or with European seafarers;
- - stable clientele, composed of companies belonging to the intra-community area (Netherlands, Austria, Germany, Belgium);
- In 2024 there were no major changes in terms of the demand for new sea/river vessels, which is at an average level, and the latest information on the ship market shows that the current situation will be maintained in 2025, but also in the following years. In terms of shipbuilding, China holds 58% of the global market and is the largest builder, South Korea in second place with 37.02%, the difference of about 5% of the market being held by countries from Europe, Asia and the USA.
- That is why we believe that a future strategy must be realistically analyzed, in order to be able to find – further – pricing and financing policies that ensure the continuation of the activity in conditions of performance and competitiveness.

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

The year 2024 marked changes in terms of the main suppliers of raw materials and materials, thus, in the second half of 2024, the Company, due to the interruption of the activity of the company Liberty Arcelor Mittal Galați, turned to a company from outside the EU for the purchase of raw materials. As in previous years, the material base was provided mainly by ISO certified suppliers in the country, according to European norms and standards. However, when, following the commercial analyses, the quality-price ratio was more favourable to imports or intra-community purchases, the company opted for this option; We refer especially to naval sheets, stainless steel sheets, pipes, profiles. As far as intra-community acquisitions are concerned, it is mainly about those materials that are not produced in the country or for which the customers of the contracted ships have imposed a

certain quality standard; We exemplify such materials: laminates and paints for river/sea ships. The transport of the ships in Germany/Holland, depending on the delivery conditions of the contracted, was carried out on the Orsova – Regensburg segment and on the Regensburg – Rotterdam route with non-resident intra-community providers (CLASSIC CHARTER GMBH – GERMANY, VIGILIA TRADING BV – NETHERLANDS).

As there was a rhythmicity of supplies, the stocks of materials were always at an optimal level, which ensured the continuity of the activity, with no interruptions in the manufacturing process due to lack of raw materials and materials.

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

- | | |
|----------------------------------|--|
| • LIBERTY ARCELOR MITTAL GALATI: | for medium and thick plates; |
| • DUCTIL Buzău: | welding consumables; |
| • LINDE GAZ Timișoara: | technical gases |
| • PENTAGON SRL TECUCI: | grinding stones |
| • NIMFA COM SRL BUC.: | pipes and various profiles |
| • COMTECH CO SLATINA | pipes and different profiles |
| • DAMILA RM VALCEA | steel pipes; |
| • MIRAS INTERNATIONAL TARGOVISTE | different profiles; |
| • INOX METAL | pipes and different profiles |
| • PLASMASERV | welding consumable |
| • EURONERA DISTRIBUTION | gloves, screens, safety goggles, filters |

Just as during the previous years, the main foreign supplier of materials:

- JULIUS HANDELS GMBH from Austria for profiles and pipes,
- INTERCOM GROUP BG, for sheet metal
- MAKSTIL AD, for sheet metal

The subcontracting activity of specific operations continued in 2024, but at a higher level than in previous years. These collaborations were necessary for the proper development of the activity, referring to the activities of ship painting, metal construction, ship equipment components, ship transport, etc. Among the most important collaborating companies we list:

1. SCHIPBUILDING CONSTRUCT – for the metal construction activity;
2. BVE SHIPBUILDING – for ship repair activity;
3. ROMINEX PLANT – for the metal construction activity;
4. ECO STEEL SOLUTION SRL – for ship repair activity;
5. VIGILENT SECURITY – for security services;
6. BERG BANAT - for galvanizing.

1.1.4 Assessment of sales activity

The turnover, on total activity, increased by 0.29% compared to the previous year. In the structure, revenues from the shipbuilding activity decreased by 9.25%, while revenues from the ship repair activity increased - by 25.3% compared to 2023. The turnover achieved was, in particular, on account of external, intra-community deliveries and services for ships built in Orșova, and internal services for ship repair activity, from the Agigea branch. However, we note an increase, compared to

2023, in the revenues made from the sale of residual products (by 335.12%) – mainly due to the recovery of waste resulting from the scrapping of some assets, but also of those made from the rental of waste (by 116.56%).

All 6 ships completed and delivered in 2024, from Orşova, were intended for delivery on the intra-community market.

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

<u>CLIENT / BENEFICIARY</u>	<u>YEAR</u> <u>2022</u>	<u>YEAR</u> <u>2023</u>	<u>YEAR</u> <u>2024</u>
Rensen Driessen Shipbuilding B.V. (NL)	77,07%	38,59%	88,71%
Gebr De Jonge (NL)	-	39,49%	18,29%
GEFO GESELLSCHAFT FUR OEL TRANSP. (DE)	22,93%	12,82%	-
BLACK SEE	-	9,10%	-
TOTAL	100%	100%	100%

In 2024, as in previous years, Rensen Driessen Shipbiulding B.V. held the first position in terms of delivery volume. Thus, for this company, the company completed and delivered 4 hulls and for the Gebr De Jonge company 1 hull was delivered.

The contractual payment conditions, for all these deliveries, were through the payment of initial advances from 10% to 70% and the insurance of the difference in payment through letters of credit, respectively the payment of the difference after the ships arrived at their destination.

As in previous years, the main concern of the Board of Directors and the executive management has been and will remain to find solutions so that the conclusion of commercial contracts is carried out at prices that ensure the profitability of the activity and with the guarantee of the payment of the price. This is also because in the new external conditions there can be rapid, unexpected changes, from one day to the next, on the market on which we operate.

In the new market conditions, the competition in this sector of activity is quite fierce because most of the orders come from the European Community, and the business partners have become more demanding in terms of the quality of the works. The company has a technical and technological level that meets these requirements and has a stable position among shipbuilders, which leads us to appreciate that it is capable of winning other contracts in relation to the competition.

The main competitors of the company in the ship construction and repair activity are, as in previous years:

- in the country - all shipyards
- abroad – especially the shipyards in China and Korea, and then Poland, Serbia, Turkey, Slovakia, the Czech Republic and Ukraine.

1.1.5 Assessment of aspects related to employees / company staff

The most important resource of society is the human resource. The company's efforts to achieve and increase production in 2024 also entailed a greater need for manpower. Thus, given the fact that the average age of employees is high and the age structure is not balanced, the company has faced and continues to face a real risk related to personnel due to the departure from the company of employees who reach retirement age. The steps taken at the level of the executive management to recruit new qualified workers in the professions of welder and locksmith were to replace those who left, especially through retirement, but also to ensure the necessary workforce for the realization of the contracted production for 2024.

As far as the company's staff is concerned, we can conclude that:

- On the one hand, there is an aging phenomenon of salaried personnel that will continue in the coming period;
- On the other hand, there is a certain decrease in the degree of qualification of the newly hired personnel, especially in the basic trades (welders and locksmiths), which will lead to the outsourcing of some metal construction works in the future, as long as there is no competition for employment;
- We are still facing difficulties in filling the positions;
- And last but not least, it is an increase in labor force fluctuation.

In 2024, the number of staff decreased, by 2.08%, compared to 2023.

The average number of personnel performed for the entire year 2024 is 344 employees, compared to 337 employees in the previous year. The effective number on 31.12.2024 was 349 employees, of which 305 at the headquarters in Orșova and 44 at the Agigea Branch.

Of the total number, by sectors of activity as of 31.12.2024, the situation is as follows:

- 347 in industrial activity
- 1 in the canteen activity
- 1 in medical activity

In structure, the situation is as follows:

- 49 technical, economic, specialized and administrative staff, of which:
 - o 41 people in Orșova (of which 32 with higher education);
 - o 8 in Agigea (of which 5 with higher education).
- 6 foremen, of which 6 in Orșova;
- 294 workers, of which:
 - o 258 people in Orșova;
 - o 36 people in Agigea.

Another grouping of the staff structure, in terms of gender, is presented as follows:

- men – 305 persons (291 in the previous year);
- women – 44 persons (53 in the previous year).

During 2024, there were 84 new employees and 79 departures; The latter left through: retirements, termination of employment contracts for reasons related to the employee's person, expiration of the individual employment contract and with the agreement of the parties, the latter being the most common.

A permanent concern of the company's management was that of continuous professional improvement of the salaried staff, maintaining health, stimulating the staff, all of which had the effect of increasing the performance at work.

At the level of the company, two trade unions are legally constituted.

The degree of unionization of the workforce is 67.34%.

As for the employees' rights in the Collective Labor Agreement, they were negotiated in such a way as to ensure the profitability of the activity, but at the same time, a balance between the two parties. During 2024, there were no conflicting elements between employees and the company's management.

Other aspects regarding the company's employees/staff are presented in the NOTES to the financial statements, which are an integral part of this report.

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

The environmental policy of Orsova Shipyard SA is based on the principles of precaution, prevention and correction of pollution at source. As a whole of the actions, documentation or programs that identify, describe and evaluate the possible significant effects on the environment, it is closely related both to the observance of the principles of the European directives on the respect and protection of the environment (EC Directive 2002/42/EC, SEA Directive 2001/42/EC, Habitats Directive 92/43/EC, Directive 2004/35/EC on liability for environmental damage and the DRM Directive), as well as the social and economic policy of society.

The company's environmental policy is adopted by the entire staff of the company, being periodically analyzed, in order to continuously adapt to the changes that may occur on environmental factors, given that the entire activity of the company is carried out in an area protected by law, in the area of the "Iron Gates" National Park.

Being aware of the importance of protecting the environment, in order to reduce the negative impact on it, the entire team of the company carries out its activity according to the following principles:

- compliance with the Romanian environmental legislation and alignment with the European Union Directives;
- mitigating the impact of the company's main activity on environmental factors;
- systematic assessment of accident risks and development of prevention measures.
- integration of environmental considerations in the elaboration and adoption of the company's plans and programs;
- Superior capitalization of primary resources of raw materials and energy with effects on minimizing the quantities of waste, wastewater, pollutants in water, air and decreasing unit costs per ton of product;
- continuous improvement of environmental aspects, especially significant ones, based on environmental management programs, the action plan (an integral part of the environmental permit) having established targets, objectives, deadlines and responsibilities;
- increasing the degree of education in terms of environmental protection by ensuring the organizational framework and implementation of projects regarding wastewater disposal, waste storage (especially hazardous waste), soil protection;

The company has in operation a monitoring system of all environmental factors by authorities and specialized companies. The activity of collection and recovery, respectively disposal of waste resulting from production processes is carried out selectively, in strict compliance with the provisions of the mandatory provisions of G.E.O. 92/2021 on waste management records and for the approval

of the list of waste, including hazardous waste, only through authorized companies, based on firm contracts.

The impact on the environment through the heating and hot water supply activity for the company's employees is insignificant, given the fact that the heating of our unit (the administrative center and the changing rooms) is done with the help of 8 (eight) power plants for hot water heating, with a power of 36 kw each, and one of 24 KW, of the ROMSTAL EKCO type. L1.

During 2024, the company has exactly complied with the obligations resulting from the Environmental Permit no. 21/27.02.2013, revised on 15.03.2024, valid up to date, endorsed by the National Agency for Environmental Protection Mehedinti for the period 27.02.2025 - 27.02.2026, fulfilling at the same time all the obligations imposed on it by the Water Management Authorization no. 68/01.11.2024, no event with a negative impact on the environment being reported (as evidenced by the control acts of the representatives of the environmental authorities, two during 2024, no pecuniary or coercive measure being ordered on their part).

1.1.7 Assessment of research and development activities

As in previous years, in 2024 the company did not record expenses with research and development activity, and for 2025 it does not intend to make such expenses, due to the fact that – further – the technical projects of the built ships are usually provided by customers or the projects that the company bought in previous years are used with the right to use for new constructions that will be carried out in the future.

1.1.8 Assessment of company activities regarding risk management

Starting from the specifics of the company's main activity, namely the construction of ships and floating structures, as well as the fact that the company's products are sold in the community space, a series of risks can be identified. At the moment, due to the competitive environment, the sudden changes at European and global level, it is normal that the degree of exposure (vulnerability) to risks is much higher than in past periods.

At the same time, society has felt and still feels the effects of the global economic and financial crisis.

Therefore, the list of potential sources of risk could include:

1. Market risk
2. Price risk
3. Currency risk
4. Environmental risk
5. Information security risk
6. Liquidity risk, etc.

As already shown, the decrease in the demand for ships accompanied by the reduction in sales prices, as a result of the global economic crisis, has directly affected the company's activity in recent years, including in 2024.

In order to overcome this difficult period, the company's management had to initiate actions and programs to help it manage costs, so as to withstand the river vessel market. This aspect, which aims to reduce costs according to the evolution of foreign markets, continues to be the main concern of the company's management.

Taking into account the estimates/forecasts regarding the evolution of the exchange rate in 2024, the company has carried out currency risk hedging operations. These derivative operations were concluded at an exchange rate above the official one of the respective period, which determined that the favorable exchange rate differences recorded in 2024 from such operations were about 227 thousand lei.

Further, the company has paid special attention to ensuring better security of the information system and database, given that the vulnerabilities of the cyber system can create significant problems for companies.

Other risk management aspects (credit, foreign exchange, liquidity) are presented in the NOTES to the financial statements, which are attached to this report.

1.1.9 Perspectives on the company's activity

The year 2025, analyzed both in terms of external factors related to the market and the geopolitical context, as well as internal factors (inflation, labor), is shaping up to be a difficult year.

As regards the prospects of the company's activity, the following are shown:

- The company has over 31 years of experience in the field of construction and repair of river vessels; they are executed at the level of quality standards imposed by foreign customers, and the name of the company is already well known by Western European shipbuilders;

- The company's activity will continue to be influenced by the uncertainties regarding the demand on the markets in which we operate;

- Currently, the company has concluded contracts for 2025 that partially ensure the coverage of the production capacity at the main headquarters. The negotiations that are currently underway, for the signing of new contracts, give us the perspective of continuing the activity in the following year;

- As regards the Agigea Branch, at the end of 2024 there were five hydroclap barge vessels in its patrimony, vessels that are described in item 2.1 b of this report; In 2024, three ships were leased, but it is estimated that new lease contracts will be concluded in 2025 as well, given that there is demand on the domestic market. At the same time, the branch has the necessary equipment and capacities to be able to execute ship constructions and repairs, the ship repair activity being increasing compared to previous years;

- Taking into account the concluded contracts, the production structure and the evolution of salary costs and those with raw materials and materials, the company has based its Income and Expenditure Budget for 2025 on a volume of revenues at a higher level than that achieved in 2024.

- Efforts will be continued to find new sources of income at the branch level but also to reduce production costs so that the company becomes more competitive;

- Also, after carrying out technical and opportunity analyses, the company aims for 2025 to carry out an investment program consisting mainly of:

- Completion of the works on the modernization of the launch slipway in Agigea, respectively the replacement of the feather trolleys, which will lead to increased safety of ship lifting-launching operations;
- Purchase of welding equipment, especially for the Orsova headquarters;
- IT equipment, software update
- Purchase of gas exhaust system
- Purchase of a numerical control saw for cutting pipes and profiles
- Modernization of technological platforms and interior roads
- Modernization of the buildings in the branch's patrimony
- Modernization and sanitation of production halls, administrative and social spaces

- Purchase of roller press for ship shell forming
- Stamp Acquisition
- oPurchase of means of transport for people (car/minibus)

2. COMPANY'S FIXED ASSETS

2.1 The land and the most important buildings and production equipment owned by the company are located, on the one hand, at the main headquarters in Orșova (4 Tufări Street, Orșova, Mehedinți County), and another part at the headquarters of the branch in Agigea Commune, Constanta South Port Premises, Constanta County.

In 2024, there were no significant changes in their composition, the largest investment expenses were those related to the repair, replacement and modernization of the existing ones, as we have shown.

a) In Orsova, the company owns, at the administrative head-office, a total surface amounting to 85.790 sm, confirmed through excerpts of Land Register.

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

- The fixed assets existing at the headquarters in Orșova are mainly made up of:
- a 1,800 t launch slipway with ten wires on a length of 100 linear meters, with the help of which ships with a maximum length of 135 linear meters and a width of 15 linear meters can be launched, and which was modernized in 2014.
- a technological platform that allows the simultaneous assembly of 5 river vessels as well as the execution of sections and blocks related to shipbuilding;
- 5 80+25 t portal cranes purchased in recent years for the assembly platform, 2 16-ton portal cranes together with 2 magnetic sleepers for sheet metal handling at the sheet metal warehouse and the sandblasting station and one 5-ton Portal crane, purchased in 2019; they provide more safety and have led to an increase in labor productivity by replacing existing cranes that were physically and morally worn;
- 1 OMNIMAT coordinate cutting machine based on computer programs and 4 with OMNICUT plasma, put into operation in 2007, respectively 2009, 2018 and 2021;
- Hydraulic sheet bending press, purchased in 2017
- Compressors (4 pieces) type ACU 9L8 from HAFI and a screw compressor;
- an automated horizontal painting sandblasting line purchased in 2009 for sheets up to 3000 mm wide;
- buildings, warehouses, material warehouses, administrative pavilion;
- cranes of 10 - 50 tons, welding and painting equipment, sheet metal rolling machine, 2 hydraulic presses for bending profiles of 200 tons for shaping the profiles at the retreat areas (stern, bow), etc.

b) At the Agigea Branch, the company owned, until the end of 2024, the ownership of a plot of land, located in Constanta, with an area of 210 sqm, on which a building is built, where until 2009 was the old administrative headquarters of the company, before the merger. The company's Board of Directors decided, following the settlement of the dispute with the Constanta City Hall and the completion of the cadastral work and the registration of the property right in the Land Book, the sale of the building and the 210 sqm land, an operation completed by December 31, 2024. Currently, the branch offices are located in Agigea. The

area of 57,710 sqm of land in Agigea, where the branch currently operates, is the property of the National Company "Constanta Maritime Ports Administration", and the branch has a contract for the use of the port domain with this company until 2038, but this contract contains clauses regarding the renegotiation of the tariff every 5 years and an annual indexable rent value.

The main fixed assets available to the branch are those existing in previous years, but new equipment was purchased in 2024.

As for the launch track, in 2015 a first stage of replacement of the damaged running rails was completed, in 2016 the problem of the towing system for launching ships was solved, the modernization action continuing in 2017 and 2018. In 2019, the investment plan provided for the change of the trolleys up to this hold. The 14 trolleys to be replaced were made in 2019. By the end of 2024, 9 trolleys have been changed, the replacement action being delayed due to the large volume of ship repair works and the impossibility of blocking the launch slipway to allow the trolley replacement works to be carried out.

The main facilities at the Agigea branch:

- 5 seagoing vessels of different types and capacities, namely:

5 hydroclap boats 940 cubic meters MIDIA type (with own propulsion) - we specify that a salanda, following the decision of the administrators, was reclassified at the end of 2024 as an asset held for sale, and in February 2025 its sale was completed;

- the construction and launching hold, having 14 sheets, on which the lifting / lowering works of the ships can be executed, having the following dimensions:

a maximum length = 90.00 m
a maximum width = 18.00 m
a maximum height = 3.60 m
an empty ship weight = 1,800 t

- 1 mobile boom crane 16 tf x 16 m/ 8 feet x 32m;
- 1 80 ton gantry crane, purchased in 2008;
- an automated horizontal painting sandblasting line purchased in 2009 for sheets up to 3000 mm wide;
- Washing and sandblasting equipment
- Caterpillar forklift
- Compressor
- production halls (for metal works, engine assembly, naval equipment);
- technical gas network;
- workshops for electrical repair activities, lathe (with the possibility of processing parts with a maximum diameter of 600 mm and maximum length of 11,000 mm, equipped with an overhead crane 5 tf x 16.5 m), etc.;
- covered and uncovered storage spaces
- material warehouse 60 x 60 = 3600 sqm;
- 40 x 30 work platform = 1200 sqm;
- Work platform 120 x 40 = 4800 sqm

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

On 31.12.2024, the company proceeded to the revaluation of the group of ships, according to the company's accounting policies, with the results of this revaluation reflected in the financial statements prepared for this year. The net book value of fixed assets as of 31.12.2024 after this revaluation is presented in the statement below:

The revaluation was carried out by an ANEVAR authorized valuation firm, and the results of the revaluation were recorded and presented in the financial statements for 2024; The company has prepared a special report on the results of this operation, in detail, in order to present it to the shareholders for approval, a report that completes this presentation.

DENOMINATION	BALANCE AS OF 31.12.2024	BALANCE AS OF 31.12.2023
LAND	625.753	1.201.941
CONSTRUCTIONS	22.462.920	17.706.276
TECH. INSTAL. AND TRANSP. MEANS	17.296.766	15.468.827
OTHER INSTALL, EQUIP. AND FURNIT.	138.469	98.728
REAL ESTATE INVESTMENTS	50.243	2.981.964
ASSETS IN PROGRESS	3.080.295	1.402.835
TOTAL	43.654.446	38.860.571

Part of the fixed assets in the category of machinery and buildings were passed into conservation in previous years and many of them were in the same situation on 31.12.2024, while others were scrapped during the year. For this category of fixed assets (other than buildings), impairments totalling RON 130,548.24 were constituted.

The entry value by category and the amount of depreciation of fixed assets, as well as other information regarding fixed assets, can be found in the NOTES to the financial statements.

2.3. Clarification of potential problems related to the ownership of the company's tangible assets

At present, the company has no other disputes related to the right of ownership.

3. MARKET OF SECURITIES ISSUED BY THE COMPANY AND CORPORATE GOVERNANCE

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

The shares of the Orșova Shipyard Company are registered and traded, since 1998, at the Bucharest Stock Exchange, having the symbol SNO. At the moment the shares are traded in the category: STANDARD. The activity of keeping the register of shareholders was and is carried out by S.C. Depozitarul Central S.A., according to contract no. 30808 of September 9, 2022.

The company's securities are not traded on other markets in the country or abroad.

The share capital of Șantierul Naval Orșova SA has not changed in 2024.

In November 2023, there were significant changes in the shareholder structure, in the sense that the shareholders Transilvania Investments Alliance S.A. and Infinity Capital Investments S.A. sold all the holdings in our company to the companies Sea Container Services S.R.L. and SIF 4 Muntenia, respectively. . We mention that during 2024 this structure has also undergone changes as

a result of the mandatory takeover bid carried out by the two significant shareholders, but also as a result of transactions between the two significant shareholders.

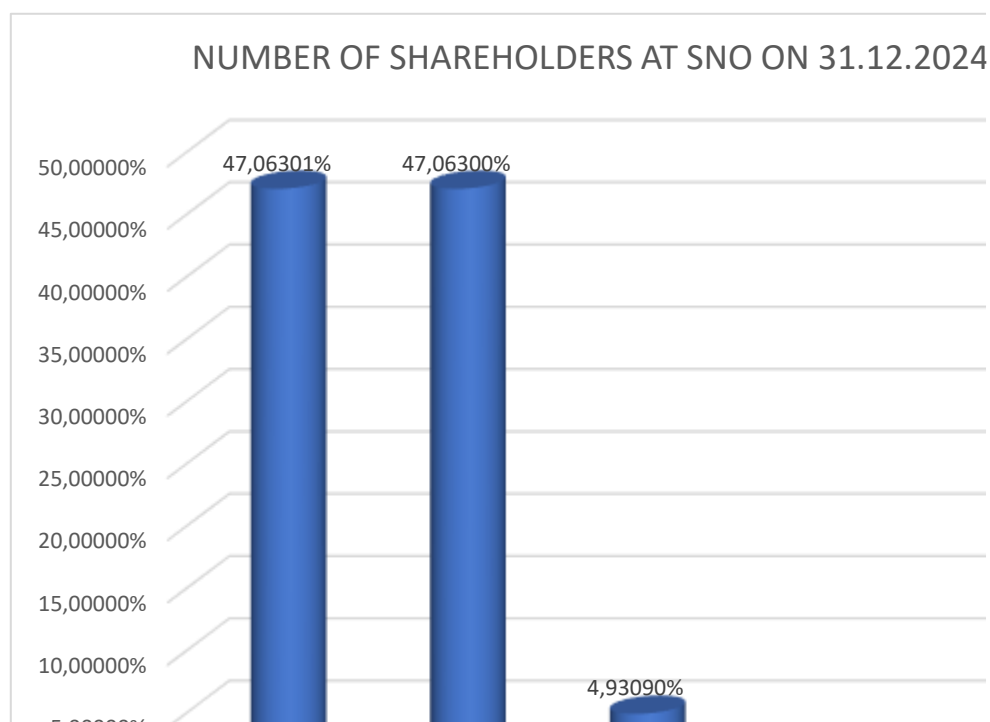
We specify that during June 2024 Societatea de Investitii Financieri Muntenia S.A. changed its name to Longshield Investment Group S.A.

Changes occurred at the level of other shareholders, natural and legal persons, in the sense that there was an increase in the holdings of legal persons to the detriment of natural persons.

According to the last register of shareholders requested from the Central Depository on the reference date 31.12.2024, the shareholder structure is as follows:

<u>Shareholders</u>	<u>Number of shares</u> <u>Percentage</u>	<u>Amount</u>	
Longshield Investment Group S.A.	5.375.969	13.439.923	47,0630
Sea Container Services S.R.L	5.375.968	13.439.920	47,0630
Other shareholders natural persons	563.253	1.408.132	4.9309
Other shareholders legal persons	107.729	269.323	0,9431
	<u>11.422.919</u>	<u>28.557.298</u>	<u>100,000</u>

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



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

The company's shares are ordinary and indivisible.

The identification data of each shareholder, the contribution of each one to the share capital, the number of shares owned and the shareholder's share in the total share capital are mentioned in the register of shareholders kept by the registry company (Bucharest Central Depository)

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

The holding of the action implies the right of adhesion to the statute and to subsequent amendments.

The evolution of the share price of Şantierul Naval Orşova SA, over one year, respectively 5 years, together with the volume of shares traded during this period, is illustrated in the chart below (source: Bucharest Stock Exchange)



TradingView



TradingView

According to the data presented on the BVB website, the range of variation of the trading price in the last year was between 5.98 lei/share and 7.90 lei/share (32.10% increase). Referring to the period of the last 5 years, we find that the lowest trading price was recorded at the beginning of March 2020 (2.71 lei per share), and the highest price was recorded in the last decade of October 2024 (7.90 lei per share).

3.2. Description of company's policy on dividends

Taking a look back at the last few years in terms of dividend policy, we can conclude:

- the approach regarding the destination of the net profit was different, depending on the level of profit, the interest of the shareholders and the legal provisions;

- until 2009, as long as the amounts in the profit account were more significant, the General Meeting of Shareholders approved the distribution of dividends from the net profit to be distributed, which represented about 50-60% of the net profit. The value in lei/share was between RON 0.4-0.75/share. The amount, in absolute value of the gross dividend per share, was established according to the company's performance. During the entire period in which the distribution of dividends was approved, their payment was made within the deadline set by the General Meeting of Shareholders, with no delays or complaints from shareholders.

- In the period 2010-2011, when the level of profit was at a relatively low level, the general meeting of shareholders decided that this amount should remain at the disposal of the company, as its own source of financing, without distributing dividends.

- Between 2012 and 2013, the company recorded a loss, so it was not possible to distribute dividends.

- In 2014 and 2015, the company recorded a profit, which was used to partially cover the losses of previous years.

- In 2016, after covering the losses of previous years from "Other reserves", a gross dividend of RON 0.2/share was distributed from the net profit for this year, according to the Decision of the Ordinary General Meeting of Shareholders of April 7, 2017;

- For the financial year 2017, a gross dividend of RON 0.16/share was approved, for 2018 the amount of the gross dividend was RON 0.22/share and in 2019 a gross dividend of RON 0.24/share was approved and distributed.

- For the financial year 2020, the distribution of a total gross dividend of 1 lei/share was approved, of which RON 0.38/share distributed from the net profit of 2020 and RON 0.62/share as additional gross dividend distributed from the deferred result.

- In 2021, the company does not record net profit.

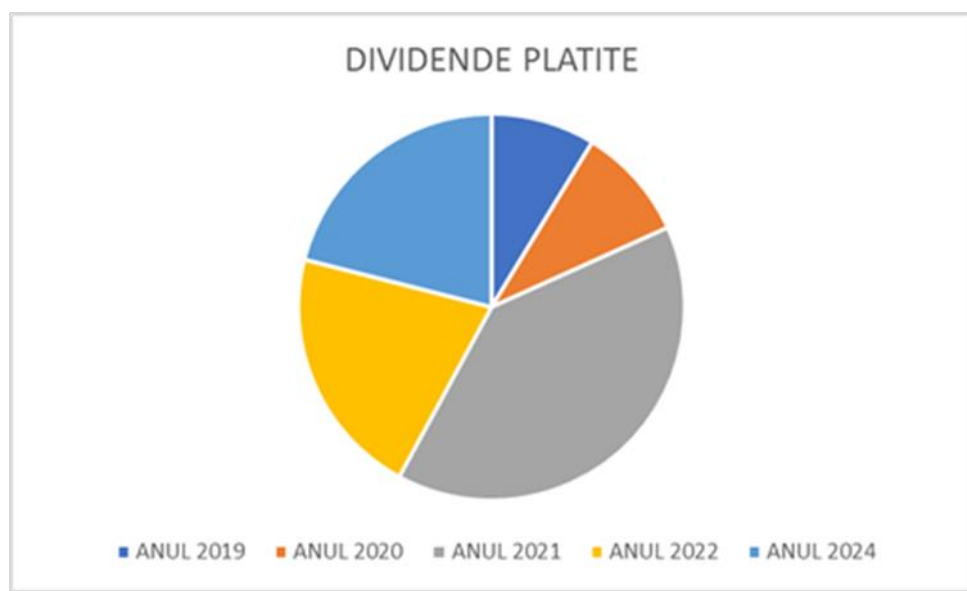
- In 2022, at the OGMS meeting of 24.11.2022 (OGMS Resolution no. 55), the distribution of the amount of RON 6,054,147.07, respectively a gross dividend of RON 0.53/share, from the profit reconstituted by transferring the amount from the balance at 31.12.2021 of the "Other reserves" account to the dividend account, as a result of the reversal of the distribution of the net profit approved by the OGMS in previous years, is approved.

- In 2022, the company does not record profit.

- In 2024, at the OGMS meeting of 21.10.2024 (OGMS Resolution no. 61), the distribution of the amount of RON 6,054,147.07, respectively a gross dividend of RON 0.53/share, from the profit reconstituted by transferring the amount from the balance at 31.12.2023 of the "Other reserves" account to the dividend account, as a result of the reversal of the distribution approved by the OGMS in previous years of the net profit, is approved.

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

Payment date	Gross dividend lei/share	Paid dividends	Source		
			Net profit of the previous year	Reported result	Restructured profit from other reserves formed in the previous years
31.08.2020	0,24	2.741.500,56	2.741.500,56		
30.06.2021	1	11.422.919,00	4.340.709,22	7.082.209,78	
22.12.2022	0,53	6.054.147,04			6.054.147,07
2023	-	-	-	-	-
22.11.2024	0,53	6.054.147,04	-	-	6.054.147,07



3.3. Description of any activities to purchase own shares.

Since its establishment until now, there has been no decision on the acquisition of its own shares, so the company has not registered such operations.

3.4. Specifying the number and nominal value of the shares held by the subsidiaries.

The company has no branches in other localities. Since 2008, as mentioned in point 1.1 c), the Orsova Shipyard has a branch in Agigea.

3.5. Issuance of bonds and/or other debt securities.

The company did not issue bonds or other debt securities in 2024, nor before this year, so it has no obligations towards the holders of such securities.

4. **MANAGEMENT OF THE ISSUER**

4.1. Orsova Shipyard S.A. is managed in a unitary system by the Board of Directors consisting of 5 members, elected by the General Meeting of Shareholders by the cumulative voting method.

At the Ordinary General Meeting of Shareholders (OGMS) on 28.12.2021, the Board of Directors of the company was elected for a period of 4 years. During 2023, there were changes in the composition of the Board of Directors, following changes in the shareholding structure, and in the OGMS of 22.04.2024, a new board of directors was elected, by the cumulative voting method.

The composition of the Board of Directors during the period 01.01-22-04.2024 was as follows:

- MR. ROSCA RADU-CLAUDIU, a 52-year-old Romanian citizen, an economist by profession. On 22.04.2024 he did not hold shares in the company;;
- MR. ION DUMITRU, a 75-year-old Romanian citizen, an economist by profession. On 22.04.2024 he did not hold shares in the company;
- MR. FAINAREA MARIUS, a 55-year-old Romanian citizen, an engineer by profession. On 22.04.2024 he did not hold shares in the company;
- MR. ZOESCU MIHAI, a 45-year-old Romanian citizen, an economist by profession. On 22.04.2024 he did not hold shares in the company;
- MR. MIHAI CONSTANTIN-MARIAN, a 58-year-old Romanian citizen, a lawyer by profession. On 22.04.2024 he did not hold shares in the company;

The composition of the Board of Directors, as resulted from the expression of the shareholders' votes in the OGMS of 22.04.2024, starting with 23.04.2024, is as follows:

- MR. ION DUMITRU, a 75-year-old Romanian citizen, an economist by profession. On 31.12.2023 he did not hold shares in the company;
- MR. PRIPA ALEXANDRU, 40-year-old Romanian citizen, economist by profession. On 31.12.2024 he did not hold shares in the company;
- MR. FAINAREA MARIUS, a 55-year-old Romanian citizen, an engineer by profession. On 31.12.2024 he did not hold shares in the company;
- MRS. DUMITRASCU CATALINA, 35-year-old Romanian citizen, economist by profession. On 31.12.2024 he did not hold shares in the company;
- MRS. PĂTRĂȘCU NADINA ELENA, 29-year-old Romanian citizen, economist by profession. On 31.12.2024 he did not hold shares in the company;

The Company is not aware of any cases of agreements, agreements or family ties between the directors and other persons due to which the directors were appointed to these positions.

In accordance with the legal provisions and those contained in the ARTICLES of INCORPORATION, the Board of Directors met, during 2024, in several meetings (15), the members of the Board of Directors participating in these meetings in person - physically or by means of remote communication, in a teleconference system, in order to analyze and discuss the current problems of the company and which fall within the powers of this management body.

The main issues that were discussed, analyzed and approved in the meetings of the Board of Directors during 2024 refer to:

- Organizational measures prior to the convening of the general meetings of shareholders in 2024;
- Analysis and approval of financial statements;
- Substantiation of the BVC, analysis of achievements compared to the provisions of the BVC;
- Approval of the composition of the advisory committees;
- Analysis of the evolution of the disputes in which the company is involved;
- Approval of global ceilings in relation to banks;
- Approving the internal audit plans and analyzing the conclusions of the internal audit missions, ordering measures;
- Approval of the sale of assets;
- Approval of salary increases negotiated with trade unions, settlement of various salary demands of trade unions and other current issues on the agenda;
- Analysis of wage costs and deviations between pre-calculation and post-calculation regarding new constructions;
- Analysis and approval of operational measures at the headquarters and at the Agigea branch;
- Discussing other topics and ordering measures on some issues/issues of interest, which fall within the scope of the Board of Directors' decision;

4.2 In relation to the way of ensuring the executive management, we specify that starting with March 2011, Mr. Mircea Ion Sperdea was appointed to the position of general manager, the management of the company being carried out on the basis of a mandate contract. In November 2015, the mandate of Mr. Mircea Ion Sperdea was extended for a period of 4 years. In April 2019, the mandate of Mr. Mircea Ion Sperdea was extended for a period of 1 year, respectively until April 2020. In April 2020, the mandate contract was extended for a period of 4 years, and in October 2020, the new Board of Directors elected in the OGMS on 02.10.2020 concluded a new mandate contract with Mr. Sperdea Ion Mircea for a period of two years. In November 2022, the company's Board of Directors decided to extend Mr. Sperdea Ion Mircea's mandate contract for a period of 4 years.

Starting with 01.01.2024, Mr. Girleanu Daniel was appointed as Director of the Agigea Branch, for a term of 1 year. In January 2025, the Board of Directors decided to extend his mandate for another period of 1 year, until 31.12.2025.

As of 31.12.2024, the executive management had the following composition:

- Eng. Sperdea Mircea - general manager
- Ec. Vişescu Marilena - economic director
- Eng. Stoinel Florin - technical director with preg. Manufacturing
- Eng. Girleanu Daniel - director of the Agigea Branch

Mr. Sperdea Mircea previously held the position of head of the supply office within the company. In 1996 he was promoted to the position of commercial director, and from November 2000 until the end of 2010 he held the position of deputy general manager.

We inform the shareholders that in accordance with the legal provisions (amendment of Law no. 31/1990 - Companies Law, republished) the general manager's employment contract was suspended starting with March 1, 2011, being concluded and signed between the company, represented, on that date, by the chairman of the Board of Directors - Mr. Fercală Mihai - and Mr. Mircea Ion Sperdea, a mandate contract for a period of 2 years and which was subsequently successively extended, as shown. This contract concerns the entrustment and exercise of the position of director based on the delegation by the Board of Directors of the company to the director, of some of the management duties of this management body, within the limits allowed by law and for the purpose of achieving the company's object of activity. As of 31.12.2024, Mr. Sperdea Mircea held 14,335 shares, representing 0.125% of the share capital.

Mrs. Marilena Vişescu was employed in this company in 1987, immediately after graduating from the Faculty of Economic Sciences in Craiova, specializing in finance and accounting, as an economist. Starting with 01.11.1990 she held the position of head of the accounting office until 30.06.2019, when she was promoted to the position of economic director. On 31.12.2024, he held a number of 10 shares in the Orsova Shipyard SA.

Mr. Stoinel Florin graduated from the Faculty of Mechanics of the Polytechnic University of Timisoara in 1995, and was hired immediately after graduation as an engineer at the design office of the Orşova Naval Shipyard SA. Between 01.10.1998 - 14.11.2005 he worked as head of the design office, and on 15.11.2005 he was appointed technical director with manufacturing preparation. As of 31.12.2023, he held 400 shares in the Orşova Shipyard SA.

Mr. Girleanu Daniel is a graduate of the Faculty of Finance - Accounting within Danubius University Galati, specializing in finance and accounting. He holds an Executive MBA degree following the graduation of a program at ASEBUSS Business School. Since 2018 he has held the position of General Manager at Sea Container Services S.R.L in Constanta – a significant shareholder of our company, and starting with 01.01.2024 he was appointed by the Board of Directors of the company, as Director of the Agigea Branch, for a one-year term. As of 31.12.2024 he does not hold shares in SNO.

With the exception of the general manager and the branch manager, who have mandate contracts with the company, as shown, the other directors are appointed to the executive management positions by the Board of Directors and are employees of the company with employment contracts for an indefinite period.

The Company is not aware of any cases of agreements, agreements or family ties between directors and other persons due to which the above persons have been appointed to the executive management of the Company.

We specify that the company is not aware that the persons presented in points 4.1 and 4.2 have been involved in litigation or administrative procedures in the last 5 years or have had restrictions on occupying management positions within the company

4.3 Other aspects regarding CORPORATE GOVERNANCE.

The last important amendment to the Company's Articles of Association was made at the Extraordinary General Meeting of Shareholders on 02.10.2020 and concerned the chapters of the Board of Directors and the Company's Directors. During 2023, it underwent a new amendment, respectively Art.22-(1) was amended. In 2024, in the Extraordinary General Meeting of Shareholders of 212.10.2024, new amendments were made to the chapters referring to the General Meeting of Shareholders and to the Rights and obligations of directors, Associated Business Auditors S.R.L Timișoara was appointed by the Board of Directors to ensure the internal audit, this company being authorized to carry out this type of activities. The explanatory notes to the financial statements also contain details regarding the fee, as well as other information related to the internal audit activity.

Șantierul Naval Orșova S.A., as issuer, in compliance with the provisions of the Corporate Governance Code of B.V.B., has regularly published information on topics of maximum interest to shareholders, as follows:

- current reports, press releases;
- details regarding the conduct of the General Meeting – conveners, materials related to the agenda, special power of attorney model, rules and procedures for participation in general meetings, shareholders' rights, detailed voting result, decisions taken at the general meetings;
- reports with quarterly, half-yearly, annual financial information;
- information regarding the administrators and members of the executive management, including their contact details, but also changes in the structure of the Board of Directors;
- data regarding the advisory committees set up at the level of the Board of Directors;
- financial calendar;
- decisions of the General Meeting of Shareholders;
- Articles of incorporation in force;

The Board of Directors consists of 5 non-executive members, and the decision-making process within this management body, through the way of organization, is not dominated by one person or a group of people. The procedure for electing the members of the Board of Directors is transparent, the candidacies being public. The company carries out activities regarding social and environmental responsibility, trained employees being designated for this purpose.

At the level of the Board of Directors, two advisory committees are established, namely the Audit Committee and the Nomination and Remuneration Committee, each committee being made up of 3 members.

Given the share of approx. 92% that Longshield Investment Group S.A. and Sea Container Services S.R.L. hold in the share capital, the administrators were proposed/elected as their representatives. Currently, all members of the Board of Directors are independent.

The company aims to improve communication with shareholders and the capital market in the coming period through increased transparency towards investors and solid corporate governance.

5. FINANCIAL-ACCOUNTING SITUATION

Starting with 2012, based on the provisions of the MFP Order no. 881 of 25.06.2012 regarding the application by companies whose securities are admitted to trading on a regulated market of the International Financial Reporting Standards (IFRS) and Order no. 1.286/01.10.2012 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards (IFRS), applicable to companies whose securities are admitted to trading on a regulated market, The company has switched to reporting on these standards.

For the financial year 2012, the individual annual financial statements based on IFRS were prepared by restating the information from the accounting organized based on the MFP Order no. 3055/2009,

and starting with the financial year 2013, the accounting will be kept based on the provisions of IFRS, as the reporting basis.

The year 2012 was the first year of application of IFRS, and in order to ensure the comparative data with the previous periods, it was necessary to make restatements for both 01.01.2011 and 31.12.2011, so, in other words, adjustments (restatements) were made for 3 years.

In December 2012, the "Manual of accounting policies in accordance with IFRS" was developed, and in its meeting of February 8, 2013, the Board of Directors approved this MANUAL.

The audit of the financial statements for 2024 was carried out by the company A.B.A. AUDIT SRL Timisoara, based on the contract no. 405/22.07.2013, whose initial validity was for 2 years, later it was extended for another 2 years, and in 2017 it was extended for another 3 years, until 30.04.2020, according to the OGMS Decision of 07.04.2017. In the OGMS of 15.04.2022, the contract was extended by 3 years, respectively for the audit of the financial statements for the years 2022, 2023 and 2024.

5.1. Financial position as of 31.12.2024

According to IFRS, as of 31.12.2024, the financial position compared to the last 2 years is as following:

<i>ASSETS, LIABILITIES, EQUITY</i>	<i>31.12.2023 Lei</i>	<i>31.12.2022 Lei</i>	<i>31.12.2021 Lei</i>	<i>YEAR 2023/2022 GROWTH/ DECREASE (%)</i>
I. Total tangible assets, out of which:				
	40,574,151	37,457,736	37,539,757	8.32
- land and constructions	23,088,673	18,908,217	20,998,885	22.11
- technical installations and transportation means	17,347,009	18,450,791	16,464,094	(5.98)
- other tangible assets	138,469	98,728	76,778	40.25
II. Intangible assets	41,677	81,164	27,779	(48.65)
III. Tangible assets ongoing execution	3,080,295	1,402,835	1,220,026	119.58
IV. Real estate investment	-	606,447	596,638	-
IV. Other non-current assets	329,480	110,832	124,725	197.28
V. User rights of rented assets	3,335,469	495,806	1,109,377	572.74
A. TOTAL NON-CURRENT ASSETS	47,361,072	40,154,820	40,618,302	17.95
I. Inventories	36,479,637	28,967,886	50,813,700	25.93
II. Trade receivables and other receivables	3,096,984	12,089,896	1,987,659	(74.38)
III. Other short-term financial investments	13,514,382	6,495,815	3,485,023	108.05

<i>ASSETS, LIABILITIES, EQUITY</i>	<i>31.12.2023 Lei</i>	<i>31.12.2022 Lei</i>	<i>31.12.2021 Lei</i>	<i>YEAR 2023/2022 GROWTH/ DECREASE (%)</i>
IV. Cash and cash equivalents	10,955,209	11,943,703	8,852,408	(8.28)
V. Advance expenses	179,843	153,995	161,622	16.78
VI. Assets classified as held for sale	1,048,588	-	-	-
B. TOTAL CURRENT ASSETS	65,274,643	59,651,295	65,300,412	9.43
TOTAL ASSETS	112,635,715	99,806,115	105,918,714	12.85
I. Equity	28,557,298	28,557,298	28,557,298	0.00
II. Share premiums	8,862,843	8,862,843	8,862,843	0.00
III. Reserves	47,454,438	47,157,267	47,901,179	0.63
IV. Result of the year	5,936,340	3,453,687	(4,215,117)	71.88
V. Reported result	1,444,674	(2,848,032)	892,220	-
VI. Other internal equity elements	(4,513,190)	(3,753,867)	(4,014,451)	20.23
C. TOTAL EQUITY	87,742,403	81,429,196	77,983,972	7.75
I. Liabilities related to deferred tax	4,513,190	3,775,937	4,031,923	19.52
II. Other liabilities	2,904,644	60.040	555,829	4,737.85
D. TOTAL LONG TERM LIABILITIES	7,417,834	3.835.977	4,587,752	93.37
I. Trade payables and other payables, including derivatives	15,944,198	13.884.794	21,665,023	14.83
II. Advance registered incomes	317,980	950	2,375	33,371.58
III. Provisions	1,213,300	655,198	1,679,592	85.18
E. TOTAL CURRENT LIABILITIES	17,475,478	14.540.942	23,346,990	20.18
TOTAL EQUITY AND LIABILITIES	112,635,715	99,806,115	105,918,714	12.85

Fixed assets: In this category of assets, in total, there was an increase of 8.32% compared to the previous year, especially as a result of the revaluation operation (for financial reporting purposes) of the construction groups, respectively ships, carried out on 31.12.2024, but also as a result of the acquisitions made for the purpose of modernizing the activity. As for tangible assets in progress, the increase compared to the previous year (by 119.58%) is mainly due to the modernization works of the launch track and some production halls, works that will be completed in 2025.

Intangible assets decreased by 48.65%; The decrease compared to the previous year is due to depreciation.

Rights to use leased assets. In 2021, the company reviewed the land lease agreement concluded with the National Company for the Administration of Ports of Constanta, and found that it meets the recognition criteria under the IFRS 16 standard. Thus, taking into account the fact that the contract concluded in 2019 contains clauses regarding the renegotiation for periods of 5 years, the company recorded an asset related to the right to use and a corresponding leasing debt for a 5-

year cycle, consequently proceeding to retroactively restate the errors generated by the non-application of the standard. In 2024, the contract was renegotiated, therefore the increase recorded in this position (by 572.74)% corresponds to the right of use for the new contract period. More information regarding the application of IFRS 16 is presented in the Notes to the financial statements.

Inventories registered, overall, an increase of 25.93% compared to 31.12.2023. The preponderant delivery in 2024 of raw materials and materials related to constructions to be completed in the following year, advance payments to the raw materials supplier but also the increase in production in progress (by 5.24%), led to a higher level of stocks at the end of the year.

Trade receivables and other receivables. There is a significant decrease in trade receivables compared to the previous year (by 74.38%). At the end of 2024, the company had uncollected current receivables, and a good part of them were liquidated in the early period of 2025. Other information regarding trade receivables and other receivables can be found in the Notes to the financial statements.

Cash and cash equivalents also decreased by 8.28% compared to 2023, mainly as a result of dividend payments made towards the end of 2024, respectively placements in interest-bearing deposits, We see an increase in these short-term investments by 108.05% compared to the previous year.

Overall, current assets increased by 12.85%.

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

Shareholders' equity registered an overall increase of 7.75%. In the structure, there is an increase in the result for the year (by 71.88%), but also on account of other equity items following the revaluation (by 20.23%).

The provisions are at a higher level than in 2023 (increase by 85.18%), mainly due to the provisions related to the benefits that will be granted to employees on the occasion of retirement, but also to the constitution of a provision for a dispute. These aspects are presented in detail in section 5.5.

Commercial and other debts also registered an increase of 14.83% compared to 2023, mainly due to purchases made in the last months of 2024. We mention that the company, in accordance with the contractual provisions, complies with the payment deadlines and has no outstanding obligations towards suppliers. Their balance represents current debts, due in the next period. As for the increase recorded in the position Other payables, in the long term, (by 93.37%), this refers to leasing debt. We see a significant increase in the position Revenues recorded in advance, due to the recording of revenues related to repair works completed in 2025.

Overall, equity and debts increased by 12.85%.

5.2. PROFIT AND LOSS (COMPREHENSIVE INCOME)

In 2024, the company's performance was higher than 2023, and the result of the year was above the level provided in the BVC for this year. The unfavorable evolution of the demand for the

construction of new ships, river and sea, the problems that occurred in the supply chain of raw materials and basic materials, the evolution of the prices of new constructions in the conditions in which the prices of raw materials and materials, energy, gas, labor increased, were determining factors that significantly influenced the company's financial results. However, due to the prudent approach, the attention paid to optimizing production flows and increasing efficiency, the company's performance has been superior to recent years.

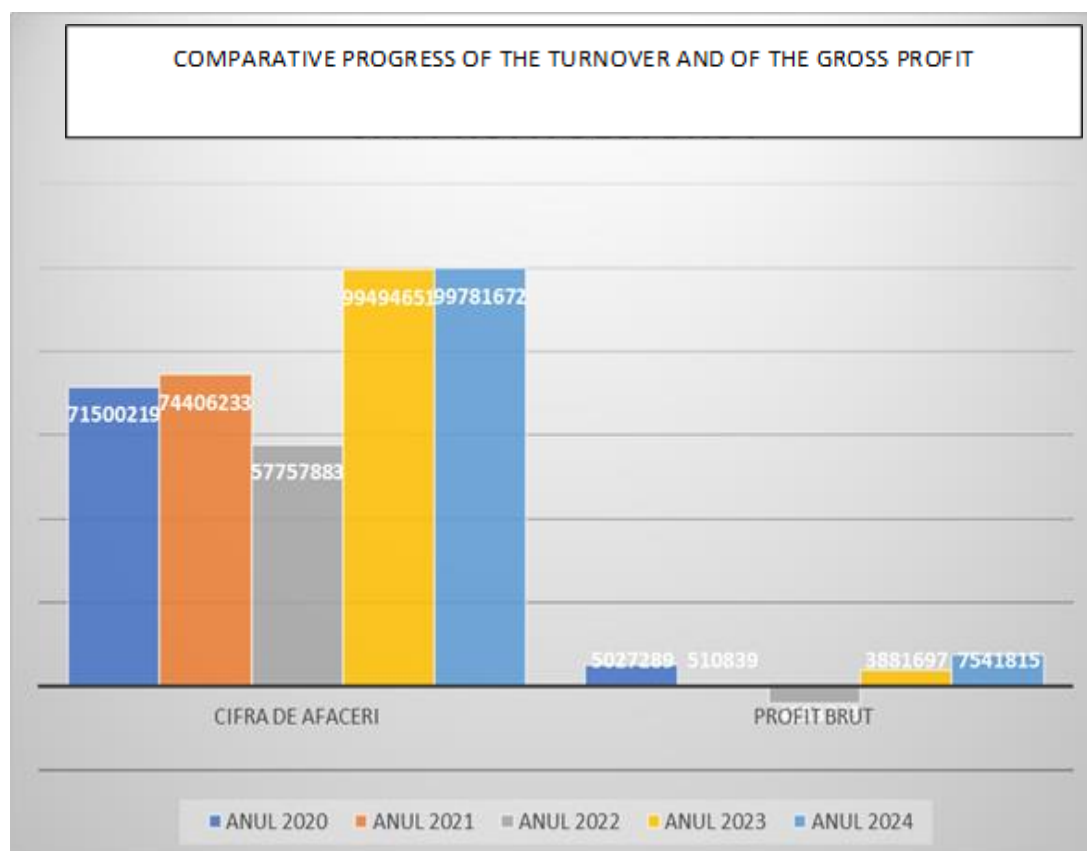
Thus, the turnover achieved in 2024 registered a slight increase compared to the previous year (by 0.29%), but the gross profit recorded by the company at the end of the year is in the amount of 7,541,815 lei (94.29% higher than that achieved in 2023).

The result of 2024 was positively influenced by the increase in branch activity. On the salanda ship rental segment, rental solutions were found during the year for three salands. Also, the revenues from the ship repair activity were up compared to the previous year, so that the branch's activity ended in 2024 with a profit above the budgeted level.

Compared to last year and with the provisions of the BVC, the evolution of the gross profit is as follows:

- Gross profit provided for in the BVC year 2024 6,068,100 lei
- Gross profit achieved in 2024: 7,541,815 lei
- Gross profit in 2023: 3,881,697 lei

An evolution of the gross profit over the last 5 years is shown in the chart below:



The table below summarizes the achievements of 2024 compared to those of the previous year and with the provisions of the income and expenditure budget, with the specification that the revenues

and expenses of the 2 years were presented according to the provisions of OMFP no. 2.844/2016 for the approval of the Regulations in accordance with the Financial Reporting Standards.

<i>INDICATORS</i>	<i>ACHIEVEMENTS PREVIOUS YEAR</i>	<i>FINANCIAL YEAR 2023</i>			<i>ACCOMPLISHMENT DEGREE (%) 2023 COMPARED TO:</i>	
		<i>BVC PROVISIONS</i>	<i>ACHIEVEMENTS</i>	<i>OUT OF WHICH AT THE BRANCH</i>	<i>ACHIEVEMENTS 2022</i>	<i>BVC PROVISIONS</i>
TOTAL INCOME, out of which:	100.636.686	103.214.880	101.160.240	22.434.764	100,52	98,01
- Operating income (operational)	99.840.070	102.414.880	100.038.158	22.065.732	100,20	97,68
- Financial income	796.615	800.000	1.122.082	369.032	140,86	140,26
TOTAL EXPENSES, out of which:	96.754.988	97.146.780	93.618.425	16.775.322	96,76	96,37
- operating expenses	96.275.369	96.646.780	93.432.551	16.701.130	97,05	96,67
- financial expenses	479.619	500.000	185.874	74.192	38,75	37,17

GROSS PROFIT / LOSS BEFORE TAX,						
out of which:	3.881.697	6.068.100	7.541.815	5.659.442 1.454.779	194,29	124,29
- operating profit/loss	3.564.701	5.768.100	6.605.607	5.364.602	185,31	114,52
- financial profit/loss	316.996	300.000	936.208	294.840	295,34	312,07
CURRENT AND DEFERRED PROFIT TAX (PAYABLE OR RECEIVABLE -/+)	(428.010)	(525.643)	(1.605.475)	-	375.10	305,43
NET RESULT	3.453.687	5.542.457	5.936.340	5.659.442	171,88	107,11
NUMBER OF SHARES	11.422.919	11.422.919	11.422.919	-	100,0	100,0
NET PROFIT / LOSS PER SHARE (Lei/share)	0,3023	0,485	0,519	-	171,68	107,01

We note that, both at the main headquarters and at the branch in Agigea, the result of the operational activity of 2024 is positive. As for the financial activity, it also generated profit, as we will show below.

5.2.1 Analysis of operating activity

Operating income for 2024 came from 77.94% of the operating revenues for 2024 came from the main headquarters in Orsova, where 6 ships were completed and delivered (in 2023 6 ships and a pontoon were delivered), amounting to 15,392 thousand euros / 76,587 thousand lei (in 2023: 15,476 thousand euros, respectively 76,680 thousand lei, at an average exchange rate of RON 4.9757/€ (in 2023: RON 4.9536/€), compared to a rate of RON 4.98/euro taken into account when substantiating the BVC.

It is noted that the operating revenues were close to those of the previous year (increased by 0.20%) but lower than those forecast in the BVC (a decrease of 2.32%). Operating expenses, in the amount of RON 93,432,551 and in close correlation with operating income, in 2024 decreased by 2.95% compared to their level in the similar period of 2023 (RON 96,275,369). Consequently, the company records a gross profit from the operating activity in the amount of RON 7,541,815. Among the factors that determined the achievement of the indicators, we mention the volume of production

completed and sold in 2024, given that the sale price of ships remained at the same level as in the previous year, and inflationary trends continued to manifest themselves on the services market. The activity carried out at the Agigea branch was at a higher level than 2023, and the result exceeded the budgeted level. Labor costs increased in 2024, but we see an increase in labor productivity during the analyzed period. Also in 2024 the company faced difficulties due to the decrease in the number of staff and the aging of the workforce, it was necessary to outsource some works, which also meant additional costs.

The ships built in Orsova were entirely destined for intra-community deliveries, respectively in the Netherlands. As for the structure/type of the ships built, it can be said that it is close to that of recent years. Therefore, in the current year (2024) the following types of ships were delivered:

- 2 TANKERS with a length of 110 m
- 1 CONTAINER SHIP with a length of 86 m
- 2 TANKERS with a length of 135 m
- 1 PASSENGER SHIP

At the end of 2024, we find in the production under execution 3 ship hulls, intended for delivery in the intra-community space in 2025.

The decline on the ship market recorded in previous years, as a consequence of the mutations produced on the foreign market, continued in 2024. The reduction in the volume of goods transported, and implicitly in the number of new orders, was also a result of the economic and geopolitical context that negatively influenced the activity in this market segment in 2024.

As for the Agigea branch, the main source of income was ship repairs, the revenues from this activity registering an increase of 16.25% compared to the previous year. Rental solutions were also found for 3 of the 5 rooms in its patrimony.

Other information related to the analysis of the main economic and financial indicators can be found in the NOTES to the financial statements, which are attached to this report.

5.2.2 Analysis of financial income and expenses

COVer 75% of the company's revenues are expressed in euros, coming from ship deliveries in the intra-community area. This fact determined that the company was permanently exposed to currency risk (leu/euro parity). During 2024, this parity was fluctuating, and, in order to protect itself against the depreciation of the exchange rate, the company concluded hedging transactions. The gains from exchange rate differences were recorded both from the revaluation of foreign currency availabilities and as a result of hedging transactions. At the same time, during 2024, the company placed availabilities in interest-bearing bank deposits. Thus, a profit of 936,208 lei is recorded from the financial activity (in the previous year a profit of 316,996 lei was recorded). More information about those influences can be found in the Notes to the financial statements.

Having a balanced flow of receipts throughout the year, the company did not have bank loans contracted in 2024 either. Therefore, as of 31.12.2024, the company had no loans and had sufficient funds in the account to be able to support the financing of the current activity, but also that for investments, from its own sources.

Further information on financial activity can be found in the NOTES to the financial statements.

5.2.3 Provisions/encumbrances and depreciation

Continuing the policy of previous years, the company considered it useful to constitute depreciations and provisions for a correct reflection of the situation of tangible assets in conservation, financial assets, old stocks without movement, litigation receivables, as well as for vacations and other salary rights related to 2024 and which will be paid in 2025.

The concrete situation of these impairments and provisions, in balance as of 31.12.2024, is as follows:

-Lei-

- a) For the impairment of tangible assets 130,548
- b) For the impairment of financial assets
(shares held in KRITOM in Greece (Crete) 684,495
- c) Provisions for holidays and retirement bonus 1,055,348
- d) Inventory impairment adjustment 839,664
- e) Adjustment of impairment of receivables (customers/debtors) 420,423
- f) Provisions for litigation 157,952

TOTAL PROVISIONS AND IMPAIRMENTS 3,288,430

Compared to the previous year, there is an increase in them, in absolute figures, by 228,646 lei (an increase of 7.47%). In the structure there is an increase of 15.67% in depreciation for stocks without movement, an increase of 61.07% in provisions for annual leave and bonuses granted to employees on the occasion of retirement - mainly on account of bonuses for retirement, but also a decrease in depreciation of tangible assets (by 68.87%).

As far as litigation is concerned, the provision constituted, in the amount of 157,952 lei, represented material and moral damages in the file in the file 861/274/2022, established by the court (criminal decision no. 112/2024) regarding the work accident of the employee of the company Cainiceanu Ionel.

More information about this litigation can be found in section 5.5.

Further information regarding provisions and impairment adjustments can be found in the Notes to the financial statements that are attached to this report.

5.3 Analysis of the result and net profit distribution

As of 31.12.2024, the company records gross profit in the amount of RON 7,541,815.

In order to determine the taxable profit, according to the legal provisions, the company took into account both the non-taxable income, elements similar to income or expenses, and the non-tax-deductible expenses.

Non-taxable income refers mainly to the resumption to income of provisions and depreciations that initially, at the time of incorporation, represented non-tax-deductible expenses.

Non-deductible expenses consist of sponsorships, provisions and depreciations (as presented above), social expenses that have exceeded the allowable deductible rate, fines and penalties and other expenses.

A detailed presentation of these items of income and expenditure can be found in the Notes to the financial statements, which are attached to this report.

After the tax deductions from the gross loss, calculated according to the legal norms, the following situation resulted:

- Gross profit 7,541,815
- Expenses/(Revenues) with deferred corporate income tax and specific tax (1,605,475)
- Net profit 5,936,340

In the Ordinary General Meeting of Shareholders, to approve the financial statements for 2024, the method of distributing the net profit is to be established.

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

Depending on the concrete needs of the company, for obtaining letters of guarantee, opening letters of credit for suppliers, but also for a possible coverage of the necessary financing sources, the company also benefited in 2024 from the support of banks. Thus, the company had approved in 2023 a global multi-option and multi-currency ceiling, through BRD, of 1.5 million euros, a ceiling that was used for the company's financing needs.

At the same time, the company requested, and was approved by BRD, a ceiling for currency risk coverage, in the amount of USD 2,069,000, at the same level as in 2023.

The guarantee of these ceilings was carried out with a mix of guarantees consisting of mortgages, assignments of receivables on export contracts (letters of credit open to external contracts) as well as a collateral deposit, in the total amount of EUR 406,015 as of 31.12.2024, and they are used in particular for the issuance of bank guarantee letters. Therefore, the company did not need, during 2024, bank loans, its own sources being sufficient to honor all due obligations.

On 31.12.2024, this ceiling was used in a proportion of about 10%, two letters of guarantee being issued:

- 224,567 lei in favor of the National Company Administration of Maritime Ports Constanta
- EUR 155,000 in favor of Black Sea.

Investment expenditure was higher than the previous year.

In absolute figures, the volume of investment expenditures amounts to RON 8,498,407 (in 2023: RON 3,467,615), of which:

- 6,062,698 lei at the headquarters in Orsova
- 2,435,709 lei at the Agigea branch

Compared to the provisions of the Income and Expenditure Budget, there is a degree of achievement of 88.35% (through the BVC an investment value of 9,619,400 lei was foreseen).

The non-implementation of the investment program is due, on the one hand, to the acquisition of some of them at a lower price than the one envisaged at the foundation of the BVC, but also to the fact that the company, due to some changes in the development strategy, has postponed the making of some investments for the next period.

At the main headquarters in Orsova, the following more important objectives were put into operation in 2024:

- 47 ton crane
- Micro twin robot for welding
- Belt cutting machine
- Automatic welding equipment
- Computer equipment

By purchasing this equipment, the aim was to reduce physical effort, increase work productivity, work safety, and reduce labor costs.

At the Agigea branch, out of the total expenses for this purpose, we mention the purchase of industrial hydroblasting equipment and the modernization works at the launch slipway and at one of the halls.

During 2024, asset outflows refer to the scrapping of fixed assets that could no longer be used in the production process, due to advanced wear and tear, but also to the sale of the building in Constanta. Also, one of the barns was reclassified as an asset held for sale.

During the analyzed period, the company did not contract loans for investments, all purchases of fixed assets were made from its own sources.

Throughout the year, the company ensured a financial balance, so that it honored its obligations to suppliers, working staff and to the state budget, banks and other creditors on time.

Other information (including the statement of cash flows) can be found in the Notes to the financial statements that are attached to this report.

5.5 Litigation; actions before courts

Following the work accident on 17.04.2019, resulting in the bodily injury of the employee Cainiceanu Ionel, he filed a criminal complaint against our unit and two other individuals, the investigations carried out by the Prosecutor's Office attached to the Orșova Court ending with the indictment no. 183/P/2019 of 25.08.2022 which ordered the indictment of the Orsova Shipyard S.A. for committing in real competition, the facts provided for by the Criminal Code, mentioned in the previous paragraph.

The Orsova Court found the legality of the notification to the Court, by the Conclusion of 24.10.2022, in the Preliminary Chamber, of the indictment no. 183/P/2019 of 25.08.2022 of the Prosecutor's Office attached to the Orșova Court, in the case 861/274/2022, and Mr. Cainiceanu Ionel was constituted as a civil party against our unit.

Subsequently, SANTIERUL NAVAL ORSOVA S.A. was indicted in the criminal case 861/274/2022, pending before the Orsova Court, stage – merits, having as object the failure to take the legal measures of safety and health at work (art. 349 NCP), culpable bodily injury (art. 196 NCP), non-compliance with the legal measures of safety and health at work (art. 350 NCP).

After the trial of the case, on 09.01.2025, the company was notified of the criminal decision no. 112/2024, pronounced on 24.12.2024 in the file 861/274/2022. The court ordered:

- the termination of the criminal proceedings against the defendant S.C. ȘANTIERUL NAVAL ORȘOVA S.A., for committing the crime of "failure to take legal measures of safety and health at work", an act provided for and punished by the provision of art.349 para. 1 C.pen (deed of 17.04.2019), as a result of the prescription of criminal liability;

At the Agigea branch, several actions from previous years are underway, in various phases, in which our company is a plaintiff. The amounts in question are insignificant and relate in particular to trade receivables, for which the debtor companies are in the process of completing the insolvency or bankruptcy procedure. For all these uncollected receivables, impairments were constituted at the time of ascertaining the debtor's inability to pay. We mention that the Court of Appeal of Constanta is retrial, for the second time, the appeal filed by a former employee of the branch, having as object claims (moral damages and prejudice regarding the unrealized income and the related legal interest).

5.6 Other information

Regarding the work accident, which occurred in August 2022, and as a result of which two employees of the company died, investigations are still being carried out by the competent institutions regarding the causes and conditions in which the explosion that led to the death of the two people occurred.

Also in 2024, the company continued to implement measures aimed at preventing the occurrence of such events, specific equipment was purchased to eliminate gas accumulations in closed spaces, staff retraining was carried out on the obligation to check gas concentrations in closed spaces where work is carried out, with a special emphasis on increasing the awareness of working personnel.

6. INVENTORY OF PATRIMONY AS OF 31.12.2024

The annual inventory of assets and liabilities for 2024 was carried out in accordance with the provisions of the Order of the Ministry of Finance no. 2861/2009 and the Manual with the inventory procedures developed at the company level. To this end, internal decisions were issued to set up the central commission and, respectively, inventory subcommittees for all the management within the company, from the headquarters and the Agigea branch. At two of the administrations located at the headquarters, at the same time as the annual inventory, the handover-receiving management operation was also carried out;

The main conclusions drawn from the inventory are:

- Some differences were found in the management of fixed assets and inventory objects in use, in the sense that those responsible for managing these assets transferred various fixed assets or inventory objects between them without drawing up the related

documents. These situations were solved operatively, on the ground, by the commissions appointed at each management.

- At the other managements, no quantitative and value differences were found between the scriptural and factual situations;
- On the occasion of the inventory, the commissions found the existence of goods that need to be removed from the register. The proposals of the commissions regarding the scrapping or decommissioning will be discussed and analyzed at the level of the executive management, from the point of view of the necessity and opportunity of this measure, after which they will be submitted for approval to the Board of Directors;
- For unusable or degraded materials, separate inventory lists have been drawn up, which are to be analyzed by the specialized commissions existing at the level of the company, and depending on the conclusions of these commissions, they are to proceed accordingly.
- At the headquarters in Orsova, certain materials belonging to third parties were found – in temporary custody at the date of the inventory. For these goods, separate lists were drawn up and sent for confirmation to the owners of the respective goods, according to the legal provisions;
- Also, at the headquarters in Orsova, at one of the managements, the handover-receiving operation took place;
- - The external auditors also participated in the annual inventory of the patrimony, in accordance with their legal obligations in this line, who verified the existence of factual stocks by sample at various managements, without finding any deficiencies.

When preparing the balance sheet, the rules approved by the legal norms were observed, and the data were taken from the synthetic balances kept up to date and in accordance with Law no. 82/1991, republished, and with the applicable accounting regulations (Order no. 2.844/12.12.2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards).

For further information, interested shareholders have at their disposal the Notes to the Financial Statements, which are attached to this report.

President of the Board of Directors,
Ec. Dumitru Ion