

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 31.12.2025

Date of the Report: 17th of March 2026

- Name of the trading company: ŞANTIERUL NAVAL ORŞOVA S.A.;
- Registered office: 4, TUFĂRI Street, ORŞOVA, MEHEDINŢI County;
- Telephone/fax: 0252/362399 0252/360648;
- Single registration code issued by the Trade Register: RO 1614734;
- Registered number with the Trade Register: 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

2025, although it was a difficult year, still under inflationary pressures manifested in the general economic environment but also marked by geopolitical developments caused by regional conflicts and political uncertainties, ended with financial results higher than the projected levels for this year. The company's performance was also at a high level compared to that achieved in recent years.

1.1. Description of the company's core business

a) Description of the company's core business

The main object of activity of the company "Şantierul Naval Orşova" S.A. is the construction of river vessels (NACE code rev.2: 3011 "Construction of ships and floating structures", NACE code rev.3: "Construction of civil ships and floating structures"). This activity, up 35.06% compared to 2024 and carried out at the headquarters in Orsova, accounted for 84.03% of the turnover of 2025, the ships built being intended for intra-community deliveries.

In 2025, the activity with a large share in the turnover of the Agigea branch was that of river/sea ship repairs (56.25%). Rental income held a share of 31.46% of the branch's turnover (30.70% in 2024). It is worth mentioning that only 3 of the 4 rooms in the branch's patrimony were rented during 2025. The turnover achieved by the branch decreased by 8.83% compared to the previous year, and its share in total turnover decreased by 5.26% (from 20.17% in 2024 to 14.91% in 2025).

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

The company was established on the basis of G.D. 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 with the Trade Register Office under no. J25/150/1991.

In 1998, by selling the package of shares held by the former FPS, the company became a company with entirely private capital, domestic and foreign.

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

In 2025, no such events were recorded.

The only merger operation, since the company's inception until now, took place in 2008. It is a merger by absorption: Orşova Naval Shipyard SA, Bucharest county. Mehedinti being the absorbing company and the company Servicii Construcţii Maritime SA Agigea, Agigea county. Constanta, being the absorbed society. Following this merger, the company's main headquarters remained in Orşova, and the former company in Agigea 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 the nominal value of RON 2.5/share. Since the merger and as of the date of this report, the share capital and 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 2025 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 2025):

- total income, out of which: 126.859.878 lei
 - Agigea Branch 20.610.514 lei
- total costs 116.444.982 lei
 - out of which Agigea Branch 16.656.162 lei
- gross profit, out of which: 10.414.896 lei
 - Agigea Branch 3.954.352 lei
 - Orsova headquarters 6.460.544 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 2 - 3%;
 - 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 31.12.2025, the company's available funds in accounts amounted to 9.942.789 Lei, out of which:
 - 1.382.190 lei in the Lei account
 - 8.558.380 lei in the foreign currency accounts
 - 2.054 lei, petty cash
 - 165 lei other values

The main characteristics of the year 2025, compared with the previous years, could be shortly synthesized by:

- Increasing the demand, in the segment of river vessels on which our company operates, of passenger vessels;
- Increase in the sale prices of ships, as a consequence of the increase in the prices of raw materials and materials on the one hand, and on the other hand of services;
- Conclusion of new shipbuilding contracts covering the entire production capacity for the next 2 years;
- An increase in the activity at 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 predominant in the turnover of the branch), but also to the revival of the business of closing the halls.
- The good name that the company has in the European builder market has contributed greatly to 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-community space (Agigea branch) and repairs of ships belonging to third parties (Agigea branch). For the construction of ships, 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 shipbuilding, therefore allow the execution and delivery of river and sea vessels of various types and increased complexity.

The Orșova Shipyard offers its customers a wide range of products. Currently, it is possible to build any type of river vessel for the transport of goods (containers, fuel tanks, chemicals, food, pharmaceuticals), but also to build coastal ships and ships intended for passenger transport.

The company's management has shown and shows 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 itself at 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 employee selection courses were carried out, exchanges of experience in the country and abroad, but also actions to modernize the existing equipment, both at the headquarters in Orșova and at the branch in Agigea. Also, competitive equipment specific to shipyards (80, 47+25 ton electric cranes, a micro twin robot for welding, plasma cutting machines, with numerical control, high definition, sandblasting/painting equipment, welding sources in a protective gas 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 increase of the lifting and launching capacity of the Orșova track was carried out, the repair and modernization project of the Agigea launch track is currently in the completion phase.

In 2025, at the main headquarters in Orșova, high-performance, automatic welding equipment, a strip cutting machine, paint pumps, a maneuvering winch were purchased. It also continued the process of modernizing the technology platform in order to place adjustable tables for making the section blocks, as well as the modernization of the information system.

At the Agigea branch, a Dacia Duster car was purchased and the modernization works at the launch hold continued.

The long and fruitful collaboration with partners in the Netherlands can be attributed to the fact that the company has sought, in a very special way, to meet their requirements, by rigorously achieving the imposed quality standards.

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 "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 Orșova Shipyard benefits from a favorable conjuncture, a prerequisite for sustainable development, for the following reasons:

- the geographical location is advantageous, both in the case of the headquarters in Orșova (a 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 disruptive factor);
- the share of foreign supplies and services in 2025 is over 85% of the turnover;
- the company has qualified personnel, in accordance with the requirements of the technological process; we note, however, that there is an increasing trend in the average age of employees;
- the endowment with specific fixed assets is at a reasonable level (comparable to that of other construction sites operating on the same segment); In this direction, the company started, many years ago, an investment program that aimed, on the one hand, to increase the share of active fixed assets, and on the other hand, to replace the means of production with a high degree of physical and moral wear and tear with much more efficient ones, likely to ensure 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 meet the standards imposed by external customers;
- the marketing of ships involves the conclusion of direct contracts with the shipyards that arm the hulls or with European seafarers;
- stable partners, mainly companies belonging to the intra-community area (Netherlands, Germany, Belgium);

In 2025 there were no major changes in the demand for new sea/river vessels, the global demand for ships being tempered by macroeconomic uncertainties, rising material costs and fluctuations in transport rates. At the same time, trade tensions and tariff policies have influenced decisions regarding the placement of orders. In the general weak context of the market, the construction of passenger ships and military ships attracted investment and interest. According to information on the ship market, the current situation will continue in 2026, but also in the coming years. In terms of shipbuilding, China continues to dominate the global market with about 63% of all new construction and is the largest builder. South Korea remains in second place with 21%, the difference of about 16% of the market being held by countries in Europe, Asia and the USA.

In this context, we believe that a strategy for the future 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).

In 2025 there were no important changes in terms of the main suppliers of raw materials and materials. Further in 2025, the Company, due to the interruption of the activity of the company Liberty Arcelor Mittal Galati, turned to a company outside the community area for the purchase of raw material. As in previous years, the insurance of the material base was carried out mainly from ISO-certified suppliers in the country, according to European norms and standards. However, when the quality-price ratio was more favorable to imports or intra-community purchases, the company opted for this option; We refer especially to naval sheet, stainless steel sheet, pipes, profiles. As far as intra-Community acquisitions are concerned, these are mainly those materials that are not produced in the country or for which the customers of the contracted vessels have imposed a certain quality standard; We exemplify such materials: laminates and paints for river/sea vessels. The transport of the ships in Germany/Holland, depending on the delivery conditions of the contracts, was carried out on the Orsova – Regensburg segment and on the Regensburg – Rotterdam route with domestic and non-EU providers (RHENUS PARTNERSHIP, 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 suppliers of raw materials and materials in the country, depending on the value of supplies and 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 2025, 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 painting ships, metal constructions, components of ship equipment, 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. GRIMEX TG.JIU - for the metal construction activity;
5. ECO STEEL SOLUTION SRL – for ship repair activity;
6. VIGILENT SECURITY – for security services;
7. BERG BANAT - for galvanizing.

1.1.4 Assessment of sales activity

The turnover, in terms of total activity, increased by 23.37% compared to the previous year. In structure, revenues from shipbuilding increased by 35.06%, while revenues from ship repair activity decreased - by 7.06% compared to 2024. The turnover achieved was, in particular, due to external, intra-community deliveries and services for ships built in Orșova, and internal services for the ship repair activity, from the Agigea branch. As for the revenues from the sale of residual products, mainly due to the recovery of waste resulting from the production process but also from the scrapping of some assets compared to 2024, they registered a decrease, by 17.19. Also decreasing were the revenues from renting salons (by 21.73%).

All 5 ships completed and delivered in 2025, from Orșova, were destined for delivery to the intra-community market.

Below is a comparative situation over the last three years of intra-community deliveries, by beneficiaries, expressed as a percentage of total ship deliveries (according to IFRS 8):

<u>CLIENT / BENEFICIARY</u>	<u>YEAR</u> <u>2023</u>	<u>YEAR</u> <u>2024</u>	<u>YEAR</u> <u>2025</u>
Rensen Driessen Shipbuilding B.V. (NL)	38,59%	88,71%	100%
Gebr De Jonge (NL)	39,49%	18,29%	-
GEFO GESELLSCHAFT FUR OEL TRANSP. (DE)	12,82%	-	-
BLACK SEE	9,10%	-	-
TOTAL	100%	100%	100%

In 2025, Rensen Driessen Shipbuilding B.V. was the sole beneficiary of the 5 hulls built by the company.

The contractual payment terms for all these deliveries were by paying initial advances from 10% to 70% and, respectively, paying 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 payment of the price. This is also due to the fact that 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 company's main competitors in the shipbuilding and repair business 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 2025 also meant a greater need for a workforce. 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 skilled workers in the trades of welders and locksmiths were to replace those who left, especially through retirement, but also to ensure the necessary workforce to carry out the contracted production for 2025.

Regarding the company's personnel, we can conclude that:

- On the one hand, there is a phenomenon of aging of the salaried personnel that will continue in the next period;
- On the other hand, there is a certain decrease in the 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 positions;
- The continued manifestation of labor force fluctuation.

In 2025, the number of personnel increased by 1.16%, compared to 2024.

The average number of personnel for the entire year 2025 is 348 employees, compared to 344 employees in the previous year. The effective number on 31.12.2025 was 368 employees, of which 333 at the Orșova headquarters and 35 at the Agigea Branch.

Of the total number, by sectors of activity as of 31.12.2025, the situation is as follows:

- 367 in industrial activity
- 1 in medical activity

In structure, the situation is as follows:

- 46 technical, economic, specialized and administrative staff, of which:
 - o 39 people in Orșova (of which 34 with higher education);
 - o 7 in Agigea (of which 6 with higher education).
- 5 foremen, of which 6 in Orșova;
- 317 workers, of which:
 - o 289 people in Orșova;
 - o 28 people in Agigea.

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

- men – 315 persons (305 in the previous year);
- women – 53 persons (44 in the previous year).

During 2025, a number of 93 newly hired employees and 76 departures were registered; 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 personnel, maintaining health, stimulating the staff, all of which had the effect of increasing the efficiency at work.

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

The degree of unionization of the workforce is 65.76%.

As for the rights of the employees 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 2025 there were no elements of a conflictual nature between the employees and the company's management.

Other aspects regarding the company's employees/personnel 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 Șantierul Naval Orșova SA is based on the principles of precaution, prevention and correction of pollution at source. As a totality of actions, documentation or programmes that identify, describe and assess possible significant effects on the environment, it is closely linked to compliance with the principles of the European directives on respect for 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 ELD Directive), as well as the socio-economic policy of the society.

The company's environmental policy is appropriated by the entire company's staff, 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.

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

- compliance with Romanian environmental legislation and alignment with 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.
- integrating environmental considerations into the development 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 set targets, objectives, deadlines and responsibilities;
- increasing the degree of education in terms of environmental protection by ensuring the organizational and implementation framework of projects regarding wastewater disposal, waste storage (especially hazardous waste), soil protection.

The company operates a monitoring system for all environmental factors by authorities and specialized firms. The activity of collection and recovery, respectively disposal of waste resulting from production processes is carried out selectively, in full compliance with the provisions of the mandatory provisions of O.U.G. 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 activity of heating and hot water supply for the company's employees is insignificant, given the fact that the heating of our unit (the administrative center and the locker 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 2025, the company fully 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, also fulfilling all the obligations imposed on it by the Water Management Authorization no. 68/01.11.2024, valid up to date, no event with a negative impact on the environment being reported (proof of the control acts of the inspectors from the Mehedinti Environmental Guard, two during 2025, no pecuniary or coercive measures being ordered by them).

1.1.7 Assessment of research and development activities

As in previous years, in 2025 the company did not record expenses with research and development activity, and for 2026 it does not intend to incur such expenses, due to the fact that – still – the technical projects of the built ships are usually supplied by customers or the projects that the company bought in previous years with the right of use for new constructions to be carried out in the future are used.

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 has also been shown, the decrease in the demand for ships accompanied by the reduction in sales prices, as an effect of the global economic crisis, has directly affected the company's activity in recent years, including in 2025.

In order to be able to overcome this difficult period, the company's management had to initiate actions and programs to help it manage costs so that it could survive on the river vessel market. This aspect aimed at reducing 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 2025, the company carried out 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 2025 from such operations were about 260 thousand lei.

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

Other aspects regarding risk management (credit, currency, 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 2026, analyzed both in terms of external factors related to trade and political tensions, as well as internal factors (inflation, workforce, fiscal policy), is expected to be a year in which the economy is forecast to grow moderately.

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

- The company has over 32 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 and appreciated by Western European shipbuilders;

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

- Currently the company has concluded contracts for the years 2026, 2027 and partially 2028, which ensure the coverage of the production capacity at the main headquarters and give us the security of continuing the activity in the coming years;

- As far as the Agigea Branch is concerned, at the end of 2025 there were four hydroclapel barge ships in its patrimony, which are described in item 2.1 b of this report; During 2025, three ships were leased of these. For 2026, the company's new strategy, in view of their state of technical and moral degradation, aims to sell 4 rooms and purchase two new halls. At the same time, the branch has the necessary facilities and capacities to be able to carry out ship construction and repairs, aiming for the ship repair activity to continue its growth compared to previous years;

- Considering the concluded contracts, the production structure and the evolution of salary costs and those with raw materials and materials, the company based its Income and Expenditure Budget for 2026 on a volume of revenues at a higher level than that achieved in 2025.

- 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 to carry out an investment program for 2026 consisting mainly of:

- o Completion of the works on the modernization of the launch path from Agigea, respectively the replacement of the wreck trolleys, which will lead to increasing the safety of ship lifting-launching operations;

- o Purchase of welding equipment, especially for the Orsova headquarters;

- o Purchase of a high-definition plasma cutting machine

- o Purchase of a crane Locateli 17/47 to

- o Investments in IT equipment, software updating

- o Modernization of technological platforms and inland roads

- o Modernization of the buildings and equipment of the mechanical workshop located in the patrimony of the branch
- o Modernization and sanitation of production halls, administrative and social spaces
- o Purchase of rooms

2. COMPANY'S FIXED ASSETS

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

In 2025 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, a total area of land of 85,790 sqm is owned at the administrative headquarters, confirmed by extracts from the Land Book.

The fixed assets existing at the headquarters in Orșova are mainly made up of:

- a 1,800 t launching hold with ten wires on a length of 100 linear m, 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 gantry cranes purchased in recent years for the assembly platform, 2 16 ton gantry cranes together with 2 magnetic sleepers for handling sheets at the sheet metal warehouse and the blasting station and one 5 ton Portal crane, purchased in 2019; they provide more safety and have led to increased labor productivity by replacing existing cranes that were physically and morally worn;
- a micro twin robot for welding, put into operation in 2024;
- 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 metal bending press, purchased in 2017
- Compressors (4 pieces) type ACU 9L8 from HAFI and a screw compressor;
- an automated horizontal painting blasting line purchased in 2009 for sheets up to 3000 mm wide;
- buildings, warehouses, material warehouses, administrative pavilion;
- cranes of 10 - 50 tons, of which two 47 ton cranes purchased in 2023-2024, welding and painting equipment, sheet metal rolling machine, 2 hydraulic bending presses of 200 tons for shaping the profiles at the retreat areas (stern, bow), etc.

b) At the Agigea Branch, the company held, 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 Board of Directors of the company 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's activity is currently carried out, 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 waiver 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, in 2025 the main purchase being a Dacia Duster car.

As for the launch hold, in 2015 a first stage of replacement of the damaged tracks was completed, in 2016 the problem of the towing system for launching ships into the water was solved, the modernization action continuing in 2017 and 2018. In 2019, the investment plan provided for the replacement of the strollers up to this hold. The 14 trolleys to be replaced were made in 2019. By the end of 2025, 12 trolleys have been changed, the replacement action being delayed due to the large volume of repair works on ships and the impossibility of blocking the launch path to allow the replacement works of the trolleys to be carried out.

The main facilities at the Agigea branch:

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

4 hydroclap 940 cubic meters MIDIA type (with own propulsion) – we specify that one pallet, 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, with 14 pages, on which the lifting / lowering of ships can be carried out, 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 crane with movable boom 16 tf x 16 m / 8 feet x 32m;
- 1 80 ton portal crane, purchased in 2008;
- an automated horizontal painting blasting 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, turning (with possibilities 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;
- working platform 40 x 30 = 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 31.12.2025, the company proceeded to the revaluation of the group of vessels, according to the company's accounting policies, with the results of this revaluation reflected in the financial statements prepared for this year. The net carrying amount of fixed assets as of 31.12.2025 after this revaluation is presented in the following statement:

DENOMINATION	BALANCE AS OF 31.12.2025	BALANCE AS OF 31.12.2024
LAND	625.753	625.753
CONSTRUCTIONS	21.057.106	22.462.920
TECH. INSTAL. AND TRANSP. MEANS	21.057.652	17.296.766
OTHER INSTALL, EQUIP. AND FURNIT.	216.734	138.469
REAL ESTATE INVESTMENTS	-	50.243
ASSETS IN PROGRESS	2.915.083	3.080.295
TOTAL	45.872.328	43.654.446

The revaluation was carried out by an evaluation firm authorized by ANEVAR, and the results of the revaluation were recorded and presented in the financial statements for 2025; 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.

A part of the fixed assets in the category of machinery and buildings were placed in conservation in the past years For this category of fixed assets (other than buildings) depreciation in a total amount of 130,548.24 lei were constituted. During 2025, all these fixed assets were scrapped, the waste resulting from the scrapping was recovered and the depreciations constituted were resumed in revenues.

The entry value by category and the depreciation value 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 issues related to 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, on the Bucharest Stock Exchange, bearing the symbol SNO. At the moment the shares are traded in the category: STANDARD. The activity of keeping the shareholders' register was and is carried out by S.C. Depozitarul Central S.A., according to contract no. 30808 dated September 9, 2022.

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

The share capital of the company Șantierul Naval Orșova SA did not change in 2024.

In November 2023, there were significant changes in the shareholder structure, in the sense that the shareholders of Transilvania Investments Alliance S.A. and Infinity Capital Investments S.A. sold their entire holdings in our company to the companies Sea Container Services S.R.L., respectively SIF 4 Muntenia. . During 2024, this structure underwent 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.

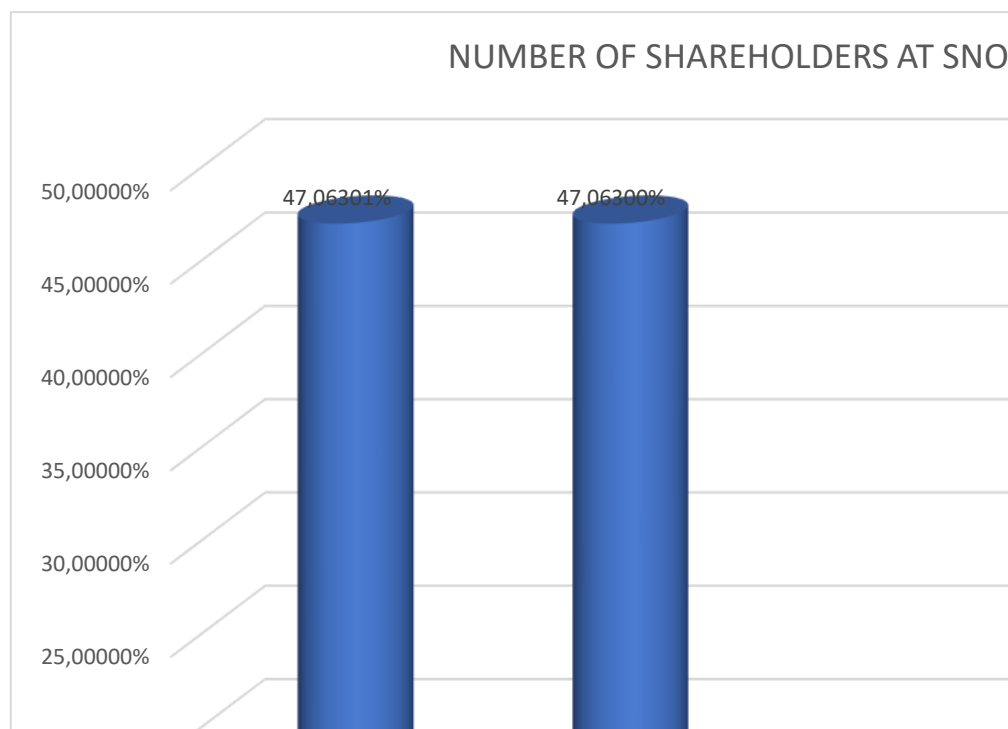
We specify that during June 2024 Societatea de Investitii Financiare Muntenia S.A. changed its name to Longshield Investment Group S.A.

In 2025, changes occurred at the level of other shareholders, individuals and legal entities, in the sense that there was an increase in the holdings of individuals to the detriment of legal entities.

According to the register of shareholders requested from the Central Depository on the reference date 31.12.2025, the structure of the shareholders is presented 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	564.984	1.412.460	4.9309
Other shareholders legal persons	105.998	264.995	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 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 (Central Depository of Bucharest)

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

Holding the share implies the right to adhere to the statute and subsequent amendments.

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



According to the data presented on the BVB website, the range of variation of the trading price in the last year was between 9.1 lei/share and 6.85 lei/share (32.85% increase). Referring to the period of the last 5 years, we find that the lowest trading price was recorded at the beginning of August 2022 (4.6 lei per share), and the highest price was recorded in August 2025 (9.10 lei per share).

3.2. Description of company's policy on dividends

- 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 dividends being distributed.

- 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 Resolution of the Ordinary General Meeting of Shareholders dated April 7, 2017;

- For the financial year 2017, a gross dividend of RON 0.16/share was approved, for 2018 the gross dividend amount 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 0.38 lei/share distributed from the net profit of 2020 and 0.62 lei/share as additional gross dividend distributed from the retained result.

- In 2021, the company did not record a net profit.

- In 2022, at the OGMS meeting held on 24.11.2022 (OGMS Resolution no. 55), the distribution of the amount of RON 6,054,147.07 was approved, respectively a gross dividend of RON 0.53/share, from the profit reconstituted by transferring the amount from the balance on 12.31.2021 of the "Other reserves" account to the dividend account, as a result of the return to the distribution approved by the OGMS in previous years of the net profit.

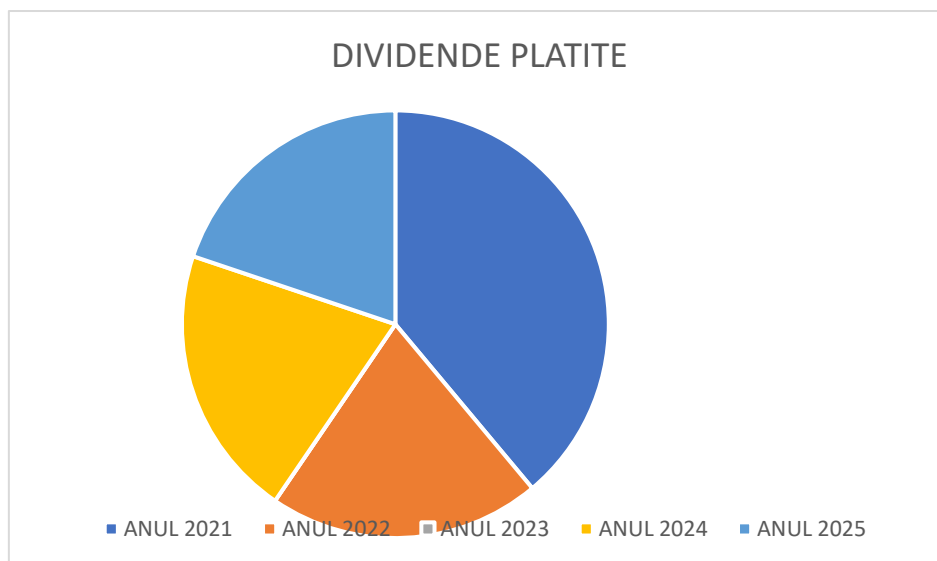
- In 2023, the company did not record a profit.

- In 2024, at the OGMS meeting of 21.10.2024 (OGMS Resolution no. 61), the distribution of dividends in the amount of RON 6,054,147.07 was approved, respectively a gross dividend of RON 0.53/share, from the profit reconstituted by transferring the amount from the balance on 12.31.2023 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.

- In 2025, at the OGMS meeting of 28.04.2025 (OGMS Resolution no. 62), the distribution of dividends in the amount of RON 5,825,688.62 was approved, respectively a gross dividend of RON 0.51/share, from the net profit of 2024.

The evolution of dividends paid by the company in the last 5 years is shown in the table and 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
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
30.06.2025	0,51	5.825.688,69	5.825.688,69	-	-



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. The 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) held on 22.04.2024, the company's Board of Directors was elected for a period of 4 years.

At the end of 2025, changes occurred in the structure of the Board of Directors. Thus, starting with 10.11.2025, Mrs. Patrascu Nadina Elena resigned from the position of member of the Board of Directors and Chairperson of the Audit Committee, the Board of Directors of the company provisionally appointing Mrs. Galani Andreea Ioana in these positions, starting with 17.11.2025 and until the date of the OGMS meeting, Mrs. Galani Andreea Ioana (Decision no. 14/11.11.2025).

The composition of the Board of Directors, as it resulted from the shareholder votes, as of 23.04.2024, is as follows:

- MR. ION DUMITRU, a 76-year-old Romanian citizen, an economist by profession. As of 31.12.2025, he did not hold shares in the company;
- MR. PRIPA ALEXANDRU, a 41-year-old Romanian citizen, an economist by profession. As of 31.12.2025, he did not hold shares in the company;
- MR. FAINAREA MARIUS, a 56-year-old Romanian citizen, an engineer by profession. As of 31.12.2025, he did not hold shares in the company;
- MRS. DUMITRASCU CATALINA, a 36-year-old Romanian citizen, an economist by profession. As of 31.12.2025, he did not own shares in the company;
- MRS. PATRASCU NADINA ELENA, a 30-year-old Romanian citizen, an economist by profession. Until the date of his resignation (10.11.2025) he did not hold shares in the company;
- MRS. GALANI ANDREEA IOANA, a 30-year-old Romanian citizen, an economist by profession. As of 31.12.2025, he did not own 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.

According to the legal provisions and those contained in the ARTICLES of Incorporation, the Board of Directors met, during 2025, in several meetings (11), the members of the Board of Directors participating in these meetings in person – physically or by means of remote communication, in teleconference system, in order to analyze and discuss the current problems of the company and which fall within the attributions of this management body.

The main issues that were discussed, analyzed and approved in the meetings of the Board of Directors during 2025 refer to:

- Organizational measures prior to the convening of the general meetings of shareholders in 2025;
- Analysis and approval of financial statements;
- Substantiation of the BVC, analysis of achievements compared to the provisions of the BVC;
- Election of a provisional member of the Board of Directors;
- Analysis of the evolution of 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;
- Approving the salary increases negotiated with the unions, solving the various salary requests of the unions and other current issues on the agenda;
- Analysis of the state of achievement of financial indicators;
- Analysis and approval of operational measures at the headquarters and at the Agigea branch;

- Discussing other topics and taking measures on issues/aspects of interest, which fall within the decision-making sphere of the Board of Directors;

4.2 In relation to the manner 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 of 02.10.2020 concluded a new mandate contract with Mr. Sperdea Ion Mircea for a period of two years. In November 2022, the Board of Directors of the company decided to extend the mandate contract of Mr. Sperdea Ion Mircea 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 - Law on Commercial Companies, 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. Mr. Sperdea Mircea held as of 31.12.2025 a number of 15,335 shares representing 0.134% of the share capital.

Mrs. Vişescu Marilena 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. As of 31.12.2025, 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 company Șantierul Naval Orșova 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 training. As of 31.12.2025, he held a number of 400 shares in the Orșova SA Shipyard.

Mr. Girleanu Daniel is a graduate of the Faculty of Finance and Accounting at Danubius University of Galati, specializing in finance and accounting. He holds an Executive MBA degree following the completion of a program at ASEBUSS Business School. Since 2018 he has been the General Manager of 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 31.12.2025, 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 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 the 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 Incorporation 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, at the Extraordinary General Meeting of Shareholders held on 21.10.2024, new amendments were made to the relevant chapters at the General Meeting of Shareholders and to the Rights and Obligations of Directors, Associated Business Auditors S.R.L Timisoara has been 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.

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

- current reports, communications;
- details regarding the conduct of the General Meeting – convening notices, materials related to the agenda, special power of attorney model, rules and procedures for participation in the general meetings, shareholders' rights, detailed voting result, decisions taken during the general meetings;
- reports with quarterly, half-yearly, annual financial information;
- information regarding the directors 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 Association in force;

The Board of Directors consists of 5 non-executive members, and the decision-making process within this management body, by the way it is organized, 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.

- 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 constituted, namely the Audit Committee and the Nomination and Remuneration Committee, each committee being made up of 3 members.

Given the share of approx. 94% 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.

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 of the 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 restatement of the information from the accounting organized on the basis of MFP Order no. 3055/2009, and starting with the financial year 2013, the accounting will be kept based on the provisions of IFRS, as a 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 2025 was carried out by the company SIACONS S.R.L. BRASOV, based on the contract no.1243/27.06.2025, whose validity is 1 year, according to the OGMS Resolution no.62 of 28.04.2025. We mention that, in the previous period, the auditing of the financial statements was carried out by A.B.A. AUDIT SRL Timisoara, based on the contract no. 405/22.07.2013, successively extended, in the last year of auditing the financial statements for 2024 being audited.

5.1. Financial position as of 31.12.2025

According to IFRS, as of 31.12.2025, the financial position compared to the last 2 years is as following:

<i>ASSETS, LIABILITIES, EQUITY</i>	<i>31.12.2025 Lei</i>	<i>31.12.2024 Lei</i>	<i>31.12.2023 Lei</i>	<i>YEAR 2025/2024 GROWTH/ DECREASE (%)</i>
I. Total tangible assets, out of which:				
	42,957,245	40,574,151	37,457,736	5.87
- land and constructions	21,682,859	23,088,673	18,908,217	(6.09)
- technical installations and transportation means	21,057,652	17,347,009	18,450,791	21.39
- other tangible assets	216,734	138,469	98,728	56.52
II. Intangible assets	7,872	41,677	81,164	(81.11)
III. Tangible assets ongoing execution	2,915,083	3,080,295	1,402,835	(5.36)
IV. Real estate investment	-	-	606,447	-
IV. Other non-current assets	422,980	329,480	110,832	28.38
V. User rights of rented assets	2,909,166	3,335,469	495,806	(12.78)
A. TOTAL NON-CURRENT ASSETS	49,212,346	47,361,072	40,154,820	3.91
I. Inventories	27,756,715	36,479,637	28,967,886	(23.91)
II. Trade receivables and other receivables	20,373,050	3,096,984	12,089,896	557.84
III. Other short-term financial investments	20,111,471	13,514,382	6,495,815	48.82
IV. Cash and cash equivalents	9,942,789	10,955,209	11,943,703	(9.24)
V. Advance expenses	173,057	179,843	153,995	(3.77)
VI. Assets classified as held for sale	-	1,048,588	-	-
B. TOTAL CURRENT ASSETS	78,357,082	65,274,643	59,651,295	20.04
TOTAL ASSETS	127,569,428	112,635,715	99,806,115	13.26
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	51,629,443	47,454,438	47,157,267	8.80
IV. Result of the year	8,762,422	5,936,340	3,453,687	47.61
V. Reported result	1,832,886	1,444,674	(2,848,032)	26.87
VI. Other internal equity elements	(4,975,636)	(4,513,190)	(3,753,867)	10.25
C. TOTAL EQUITY	94,669,256	87,742,403	81,429,196	7.89

<i>ASSETS, LIABILITIES, EQUITY</i>	<i>31.12.2025 Lei</i>	<i>31.12.2024 Lei</i>	<i>31.12.2023 Lei</i>	<i>YEAR 2025/2024 GROWTH/ DECREASE (%)</i>
I. Liabilities related to deferred tax	4,975,636	4,513,190	3,775,937	10.25
II. Other liabilities	2,522,488	2,904,644	60,040	(13.16)
D. TOTAL LONG TERM LIABILITIES	7,498,124	7,417,834	3,835,977	1.08
I. Trade payables and other payables, including derivatives	24,479,335	15,944,198	13,884,794	53.53
II. Advance registered incomes	18,063	317,980	950	(94.32)
III. Provisions	904,650	1,213,300	655,198	(25.44)
E. TOTAL CURRENT LIABILITIES	25,402,048	17,475,478	14,540,942	45.36
TOTAL EQUITY AND LIABILITIES	127,569,428	112,635,715	99,806,115	13.26

Fixed assets

Tangible impositions: In this category of assets, in total, there is an increase of 5.87% compared to the previous year, especially as a result of the revaluation of the ship group, carried out on 31.12.2025, but also as a result of the acquisitions made for the purpose of modernizing the activity. As for the tangible fixed assets in progress, there is a decrease compared to the previous year (by 5.36%) and is mainly due to the partial completion of the modernization works of the launch track and some production halls.

Intangible assets decreased by 81.11%; The decrease compared to the previous year is due to depreciation.

Rights to use leased assets. In 2021, the company reanalyzed the land lease agreement concluded with the National Company for Port Administration of Constanta, and found that it falls within the recognition criteria under the IFRS 16 standard. Thus, taking into account the fact that the contract concluded in 2019 contains clauses regarding renegotiation for periods of 5 years, the company registered an asset related to the right to use and a corresponding leasing debt for a 5-year cycle, consequently proceeding to the retroactive restatement of the errors generated by the non-application of the standard. In 2024, the contract was renegotiated. The decrease recorded in this position (by 12.78)% corresponds to the right of use for the year 2025. More information regarding the application of IFRS 16 is presented in the Notes to the Financial Statements.

Inventories registered, overall, a decrease of 23.91% compared to 31.12.2024. Although in 2025 a significant part of the raw materials and materials related to the constructions that will be completed in the following year were delivered, and advance payments were made to the raw material supplier, we see a decrease in the production in progress (by 54.09%), which led to a lower level of stocks at the end of the year.

Trade receivables and other receivables. There is a significant increase in commercial receivables compared to the previous year (by 557.84%), especially due to the non-collection by the end of the year of the invoice issued in December related to the ship delivered during this period. At the end of 2025, the company had uncollected current receivables and most of them were liquidated

in the early period of 2026. Other information regarding trade receivables and other receivables can be found in the Notes to the Financial Statements.

Cash and cash equivalents, also register a decrease, by 9.24% compared to 2024, mainly as a result of debt payments made towards the end of 2025, respectively investments in interest-bearing deposits, We see an increase in these short-term investments by 48.82% compared to the previous year.

Overall, current assets increased by 20.04% and total assets increased by 13.26%.

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

Equity increased by 7.89% overall. In the structure, there is an increase in the result for the year (by 47.61%), but also on account of other equity items following the revaluation (by 11.85%).

The provisions are at a lower level than 2024 (decrease by 25.44%), mainly due to the reduction of the provisions related to the benefits that will be granted to employees on the occasion of retirement. These aspects are presented in detail in section 5.5.

Trade and other liabilities also register an increase of 53.53% compared to 2023, mainly due to acquisitions made in the last months of 2025. We mention that the company, in accordance with the contractual provisions, complies with the payment terms and has no outstanding obligations towards suppliers. Their balance represents current debts, maturing in the next period. As for the increase recorded in the Other liabilities, long-term (by 1.08%), it is due, in structure, to the debt regarding the deferral tax (increase by 10.25%) and the leasing debt (decrease by 13.16%). We note a significant decrease in the Advance Revenue item (by 94.32), the company recording insignificant revenues of this nature at the end of 2025.

Overall, equity and debts increased by 13.26%.

5.2. PROFIT AND LOSS (COMPREHENSIVE INCOME)

Over the past three years, the company's performance has increased year on year. Thus, in 2025 the result of the year was also above the level provided in the BVC for this year. Although there was still a low demand for the construction of new vessels, river and sea, important changes occurred on the market of suppliers of raw materials and basic materials, and the evolution of the prices of new constructions given that the prices of raw materials and materials, energy, gas, labor remained at the same level, the company's financial results were above the budgeted indicators. The prudent approach, the attention paid to optimizing production flows and increasing efficiency, were factors that determined the company's performance to be superior in recent years.

The turnover achieved in 2025 registered an increase compared to the previous year by 23.37, and the gross profit recorded by the company at the end of the year is in the amount of 8,762,422 lei (47.61% higher than that achieved in 2024).

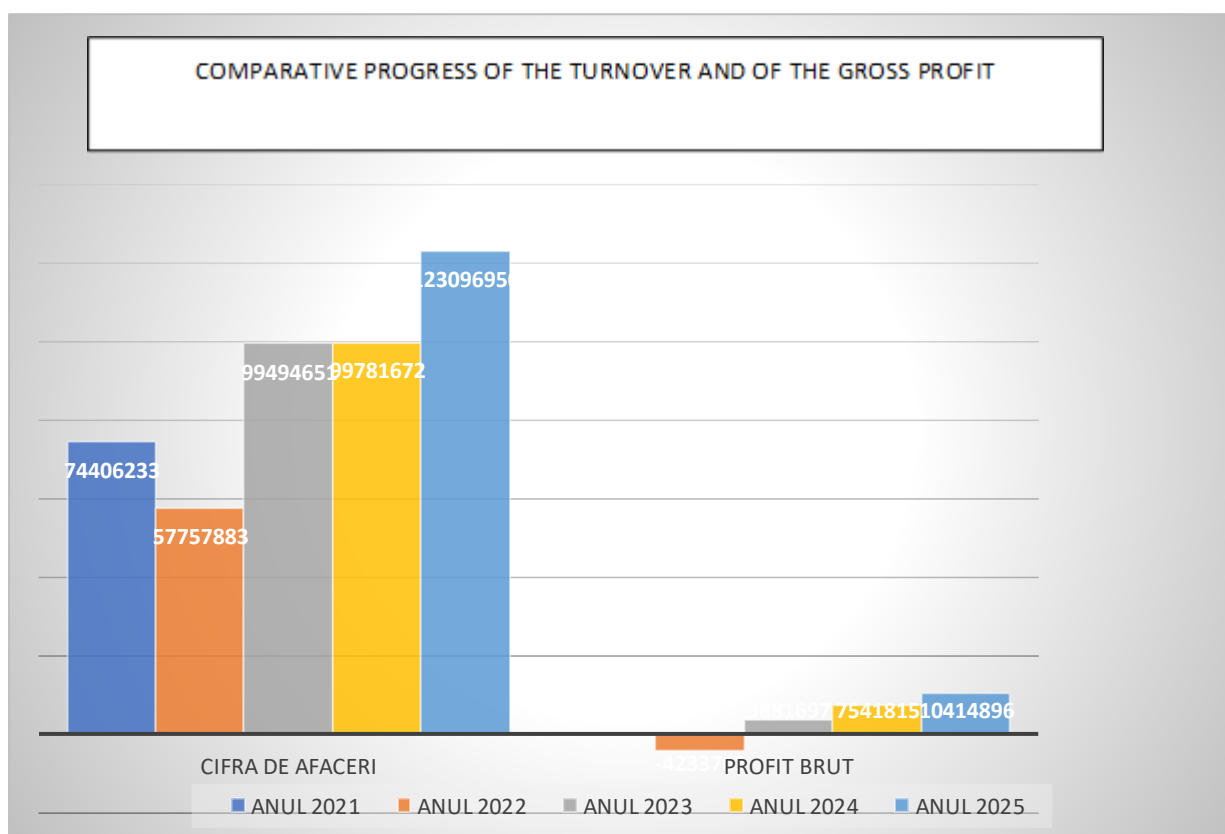
The result of 2025 was also positively influenced by the branch's activity. On the rental segment of saloon-type vessels, rental solutions were found during the year for three saloons. Also,

the revenues from the ship repair activity remained at a high level, so that the branch's activity ended in 2025 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 2025 6,977,370 lei
- Gross profit achieved in 2025: 10,414,896 lei
- Gross profit in 2024: 7,541,815 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 2025 compared to those of the previous year and 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.

ANNUAL REPORT OF THE BORD OF DIRECTOS FOR FINANCIAL YEAR 2025

<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:	101.160.240	117.045.330	126.895.878	20.610.514	125,40	108,42
- Operating income (operational)	100.038.158	116.195.330	125.125.701	20.103.455	125,08	107,69
- Financial income	1.122.082	850.000	1.734.177	507.059	154,55	204,02
TOTAL EXPENSES, out of which:	93.618.425	110.047.960	116.444.982	16.656.162	124,38	105,81
- operating expenses	93.432.551	109.582.960	115.779.439	16.416.242	123,92	105,65
- financial expenses	185.874	465.000	665.543	239.920	358,06	143,13
GROSS PROFIT / LOSS BEFORE TAX,						
out of which:	7.541.815	6.997.370	10.414.896	1.454.779	138,10	148,84
- operating profit/loss	6.605.607	6.612.370	9.346.262	3.687.213	141,49	141,35
- financial profit/loss	936.208	385.000	1.068.634	267.139	114,14	277,57
CURRENT AND DEFERRED PROFIT TAX (PAYABLE OR RECEIVABLE -/+)	(1.605.475)	(2.300.000)	(1.652.474)	-	102,93	71,85
NET RESULT	5.936.340	4.697.370	8.762.422	3.954.352	147,61	186,54
NUMBER OF SHARES	11.422.919	11.422.919	11.422.919		100,0	100,0

				-		
NET PROFIT / LOSS PER SHARE (Lei/share)	0,519	0,411	0,767	-	147,78	186,62

We note that, both at the main headquarters and at the branch in Agigea, the result of the operational activity for 2025 is positive. As for financial activity, it also generated profit, as we will show below.

5.2.1 Analysis of operating activity

The operating revenues for 2025 came 83.93% from the main headquarters in Orsova, where a number of 5 ships were completed and delivered (in 2024 6 ships were delivered), amounting to 20,499 thousand euros / 103,442 thousand lei (in 2024: 15,392 thousand euros, respectively 76,587 thousand lei, at an average exchange rate of 5.0463 lei/€ (in 2024: 4.9757 lei/€), compared to a rate of 4.98 lei/euro taken into account when substantiating the BVC.

It is noted that the operating revenues were higher than those of the previous year (increased by 25.08%) but also compared to those provided for in the BVC (an increase of 7.69%). Operating expenses, in the amount of RON 115,779,439 and in close correlation with operating revenues, in 2025 registered an increase of 23.92% compared to their level in the similar period of 2024 (RON 93,432,551). Consequently, the company registers a gross profit from the operating activity in the amount of RON 9,346,262. Among the factors that determined the achievement of the indicators are the volume of production completed and sold in 2025, but also its structure, 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 slightly lower level than 2024, but the result exceeded the budgeted level. Labor costs increased in 2025, but we see an increase in labor productivity in the analyzed period. And in 2025 the company faced difficulties due to the decrease in the number of staff and the aging of the workforce, it was necessary to expand the outsourcing of some works, which also meant additional costs.

The ships built in Orșova were entirely destined for intra-community deliveries, respectively to the Netherlands. As for the structure/type of ships built, mainly passenger ships were built and delivered. Therefore, in the current year (2025) the following types of ships were delivered:

- 1 TANKER with a length of 135 m
- 4 PASSENGER SHIPS with a length of 135 m

At the end of 2025, we will find 4 ship hulls in the ongoing production, destined for delivery in the intra-community space in 2026.

The decline in the ship market recorded in the past years, as a consequence of the mutations produced on the foreign market, continued in 2025. The reduction in the volume of transported goods, and implicitly in the number of new orders, was also a result of the economic and geopolitical context that negatively influenced the activity on this market segment in 2025, but we see an increase in orders for passenger ships.

As for the Agigea branch, the main source of income was ship repairs, but the revenues from this activity registered a decrease of 7.06% compared to the previous year. Also, rental solutions were

found for 3 of the 4 rooms in its patrimony, and the revenues from this activity were lower by 21.73% compared to the previous year.

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

More than 84% of the company's revenues are expressed in euros, coming from ship deliveries within the community. This fact has led the company to be permanently exposed to currency risk (leu/euro parity). During 2025, this parity fluctuated, and in order to protect 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 cash and as a result of hedging transactions. At the same time, during 2025, the company placed availabilities in interest-bearing bank deposits. Thus, a profit of 1,068,634 lei is recorded from the financial activity (in the previous year a profit of 936,208 lei was recorded). More information about those influences can be found in the Notes to the Financial Statements.

Having a balanced cash flow throughout the year, the company did not have bank loans contracted in 2025 either. Therefore, as of 31.12.2025, the company had no loans and had sufficient funds in its account to be able to support the financing of the current activity, but also that for investments, from its own sources.

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

5.2.3 Provisions/encumbrances and depreciation

Continuing the policy of the past years, the company considered it useful that for a correct reflection of the situation of some tangible assets in conservation, financial assets, old stocks without movement, litigious receivables, as well as for holidays and other salary rights related to 2025 and to be paid in 2026, to constitute impairments and provisions.

The concrete situation of these impairments and provisions, in balance as of 31.12.2025, is as follows:

-Lei-

a) For the impairment of financial assets	
(shares held in KRITOM in Greece (Crete))	684,495

b) Leave provisions and retirement bonus	746,698
c) Inventory impairment adjustment	1,056,546
d) Adjustment of the impairment of receivables (customers/debtors)	585,984
e) Provisions for litigation	157,952
TOTAL PROVISIONS AND IMPAIRMENT	3,231,675

Compared to the previous year, there is a decrease in them, in absolute figures, by 56,755 lei (decrease by 1.73%). In the structure, there is a 25.83% increase in depreciation for non-moving inventories, a 29.25% decrease in provisions for vacation and bonuses granted to employees on retirement - mainly on account of retirement bonuses, but also the resumption of depreciation of tangible assets.

As far as litigation is concerned, the provision constituted, in the amount of RON 157,952, represented material and moral damages in the case in 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 dispute can be found in section 5.5.

Further information regarding provisions and asset 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 31.12.2025, the company registers a gross profit in the amount of RON 10,414,896.

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

Non-taxable income refers mainly to the return 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 depreciation (as presented above), social expenses that exceeded the deductible rate, fines and penalties and other expenses.

A detailed presentation of these items of income and expenses 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	10,414,896
• Expenses/(Revenues) with deferred corporate income tax and specific tax (1,652,474)	

- Net profit 8,762,422

In the Ordinary General Meeting of Shareholders, to approve the financial statements for 2025, the way of distributing the net profit is to be established.

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

Depending on the company's concrete needs, in order to obtain letters of guarantee, the opening of letters of credit for suppliers, but also to cover the need for financing sources, the company benefited from the support of banks in 2025 as well. Thus, the company had approved in 2025 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 hedging currency risk, in the amount of USD 2,069,000, at the same level as in 2024.

The guarantee of these ceilings was achieved with a mix of guarantees consisting of mortgages, assignments of receivables on export contracts (letters of credit opened to foreign contracts) as well as with a collateral deposit, in a total amount of EUR 414,136 as of 31.12.2025, and they are used especially for the issuance of bank guarantee letters. Therefore, the company did not need, during 2025, bank loans, as its own sources were sufficient to honor all due obligations.

As of 31.12.2025, this ceiling was used in a proportion of about 17%, with three letters of guarantee being issued:

- 245,169 lei in favor of the National Company Administration of Maritime Ports Constanta
- EUR 155,000 in favor of Black Sea.
- 287,727 lei in favor of S.P.E.E.H Hidroelectrica

As for investment expenditure, it was lower than in the previous year.

In absolute figures, the volume of investment expenditures amounts to 3,170,343 lei (in 2024: 8,498,407 lei), of which:

- 1,260,588 lei at the headquarters in Orșova
- 1,909,755 lei at the Agigea branch

Compared to the provisions of the Income and Expenditure Budget, there is a degree of achievement of 60.21% (an investment value of 5,261,800 lei was provided through the BVC).

The failure to carry out the investment program is due, on the one hand, to the purchase of some of them at a lower price than the one envisaged when substantiating the BVC, but also to the fact that the company, due to changes in the development strategy, postponed some investments for the next period.

At the main headquarters in Orșova, the following more important objectives were put into operation in 2025:

- Belt cutting machine
- Win maneuver
- Painting equipment
- Automatic welding equipment
- IT equipment

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

At the Agigea branch, out of the total expenses with this destination, we mention the purchase of a car and the modernization works at the launch port, halls and halls.

During 2025, asset outflows refer to scrapping of fixed assets that could no longer be used in the production process, due to advanced wear and tear.

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, workers 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 attached to this report.

5.5 Litigation; actions before courts

As a result of 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 prosecution 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 Orsova Court, in the case 861/274/2022, and Mr. Cainiceanu Ionel constituted himself 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 its object the failure to take the legal measures of safety and health at work (art.349 NCP), culpable bodily injury (art. 196 NCP), failure to comply 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 case 861/274/2022. The court ordered:

- termination of the criminal trial 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;

Also, the court jointly and severally obliges the defendant PINTEN ION and the defendant S.C. ȘANTIERUL NAVAL ORȘOVA S.A. to pay to Cainiceanu Ionel the amount of 1,323.26 euros, the equivalent in lei at the BNR exchange rate from the date of payment, as material damages (amount updated with the inflation index and the legal penalty interest from the date of the damage, 17.04.2019, and until the date of actual payment), respectively the amount of 60,000 euros, the equivalent in lei at the NBR exchange rate from the date of payment, as moral damages (amount updated with the inflation index and the legal penalty interest from the date of the final decision of the court decision until the actual payment). Rejects, as unfounded, the rest of the civil claims formulated by the civil party Căiniceanu Ionel. Rejects as unfounded the request of the civil party CĂINICEANU IONEL to order the payment of compensation to S.C. SANTIERUL NAVAL

ORȘOVA S.A. and as a civilly liable party. Pursuant to art. 275 para. (3) C. proc. pen., the judicial expenses advanced by the state remain the responsibility of the state. With the right of appeal within 10 days from the communication.

The company Santierul Naval Orsova S.A. appealed against the criminal decision no. 112/2024, pronounced on 24.12.2024 in the file 861/274/2022.

According to the information available on the court's portal, the civil party Cainiceanu Ionel also appealed the above decision.

The Craiova Court of Appeal admitted the appeal filed by the company and by Decision no. 658/23.05.2025 annulled the criminal sentence in terms of the civil side and sent it back for retrial to the Orsova Court, for the resolution of the civil side. The next trial term is for 25.03.2026.

At the Agigea branch, several actions are underway in the past years and this year, in various phases, in which our company is the plaintiff. The amounts in question relate in particular to commercial receivables, for which the debtor companies are in the process of completing the insolvency or bankruptcy procedure, and are not significant. For all these uncollected receivables, impairments were constituted at the time of the debtor's inability to pay. We mention that the Court of Appeal of Constanta is under retrial, for the second time, the appeal filed by a former employee of the branch, having as object claims (moral damages and damage 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 on the causes and conditions in which the deflagration that led to the death of the two people occurred.

And in 2025, 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, retraining of personnel was carried out regarding the obligation to check gas concentrations in closed spaces where work is carried out, with 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 2025 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. For this, internal decisions were issued to establish the central commission and, respectively, inventory subcommittees for all the management within the company, from the headquarters and the Agigea branch.

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 to each other without drawing up the related documents. These situations were solved operatively, on the ground, by the commissions appointed to each management.

- In the other administrations, no quantitative and value differences were found between the scriptural and factual situation;

- On the occasion of the inventory, the commissions found the existence of goods that need to be removed from the register. The commissions' proposals regarding 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 by 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 will proceed accordingly.

- At the headquarters in Orșova, 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;

When drawing up the balance sheet, the rules approved by the legal norms were respected, and the data were taken from the synthetic balance sheets 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