

QUARTERLY REPORT **30 SEPTEMBER 2024**

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



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

DATE OF THE REPORT: 07.11.2024

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

A. FINANCIAL AND ECONOMICAL INDICATORS ON THE DATE OF 30th of September 2024 (APPENDIX NO. 13 TO THE ASF REGULATION no. 5/2018)

DESCRIPTION OF THE INDICATOR	CALCULATION MANNER	RESULT
1. Indicator of current cash-deposit ¹⁾	$\frac{\text{Current assets}}{\text{Current debts}}$	3,31
2.Indicator of the degree of indebtness ²⁾	$\frac{\text{Borrowed capital} * 100}{\text{Own capital}}$	0 (zero)
3. Rotation speed of the debits - clients ³⁾	$\frac{\text{Average balance clients} * 270}{\text{Turnover}}$	36 DAYS
4. Rotation speed of the fixed assets ⁴⁾	$\frac{\text{Turnover}}{\text{Fixed assets}}$	1,73

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NOTE:

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

B. OTHER INFORMATION

In the period 01.01-30.09.2024, compared to the provisions of the BVC, the operating revenues were achieved in a proportion of 96.61% and compared to the corresponding period of last year they were lower by 11.77%:

- Provided BIE quarter III.2024	74.996.696 lei
- Realized quarter III.2024	72.455.882 lei
- Realized quarter III.2023	82.125.491 lei

In the 9 months of 2024, at the company's headquarters, a number of 5 ships were completed and delivered to external customers, respectively 1 tank of 135 m in length, two tanks of 110 m in length, one container ship of 86 m in length and one passenger of 80 m in length (and in the corresponding period of the previous year, 5 ships were completed and delivered). We mention that, as regards the 86 m long container ship, although it was completed during the analyzed period, in accordance with the contractual clauses, the transfer of ownership was made upon its arrival in Rotterdam, and the recognition of the income, reported to IFRS, took place in October 2024, which led to the non-fulfillment of the budgetary provisions.

Operating expenses, in correlation with operating revenues, were 5.76% lower than the budget provisions and 15.06% lower compared to those recorded in the similar period of 2023.

Of the 5 existing barns at the Agigea branch, three were rented during this period, and the revenues from the ship repair activity were at a higher level than that achieved in the corresponding period of the previous year.

The result of the operational activity, both at the headquarters in Orsova and at the Agigea branch, was positive, the profit achieved on 30.09.2024 being higher than the provisions of the BVC.

As for the company's financial activity, the profit was made as a result of the company's management's concern to carry out hedging operations - to protect the exchange rate but also as a result of the positive influences generated by the evolution of the exchange rate, but also as a result of the investments of availabilities (lei) in term deposits, bearing interest.

The individual financial statements as of 30.09.2024, namely: Statement of financial position, Statement of profit or loss and other items of comprehensive income, Statement of changes in equity, Statement of cash flows and Notes to the financial statements are attached to this report, with the following clarifications:

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- The figures from the reporting forms are expressed in lei;

- The reporting data as at 30.09.2024 were not audited by an independent external financial auditor.

- Compared to the provisions of the BVC, in the analyzed period, the situation of the result is as follows:
 - ◆ Operational result:
 - BIE provided 4.814.209 lei
 - Realized 6.320.037 lei
 - ◆ Financial result:
 - BIE provided 225.000 lei
 - Realized 679.631 lei
 - ◆ Gross result:
 - BIE provided 5.039.209 lei
 - Realized 6.999.668 lei

In the similar period of 2023, the company recorded a gross profit of RON 4,462,476.

As of 30.09.2024, the company had no bank loans, and the cash and cash equivalents amounted to RON 13,020,563.

The company had no outstanding obligations to suppliers, the state budget, employees and other creditors, all of which were paid within the legal/contractual term.

In the 9 months of 2024, the company incurred investment expenses in the amount of RON 5,706,286, compared to RON 7,700,000 provided for in the BVC. In the corresponding period of last year, expenses of this nature amounted to 2,963,789 lei.

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<i>Reference</i>		STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2024		
		Note	30.09.2024	31.12.2023
			RON	RON
<i>IAS 1.10(a), 113</i>				
	Assets			
	Fixed assets			
<i>IAS 1.54(a)</i>	Tangible assets	<i>14</i>	37.504.564	38.860.571
	Freehold land and land improvements	<i>14</i>	1.201.941	1.201.941
	Buildings	<i>14</i>	16.343.685	17.706.276
	Plant and machinery, motor vehicles	<i>14</i>	17.205.268	18.450.791
	Fixtures and fittings [...]	<i>14</i>	145.659	98.728
	Tangible assets in progress	<i>14</i>	2.608.011	1.402.835
<i>IAS 1.54I</i>	Intangible assets	<i>15</i>	51.523	81.164
	Other intangible assets	<i>15</i>	51.523	81.164
<i>IAS 16, IAS 8</i>	Rights to use the leased assets	<i>17</i>	3.317.622	495.806
<i>IAS 1.54(h)</i>	Trade receivables and other receivables		6.085	6.000
<i>IAS 1.54(b)</i>	Investment property	<i>18</i>	606.447	606.447
<i>IAS 1.54(o), 56</i>	Deferred tax assets		258.228	104.832
<i>IAS 1.60</i>	Total fixed assets		41.744.469	40.154.820
<i>IAS 1.54 (g)</i>	Inventories	<i>19</i>	31.432.154	28.967.886
<i>IAS 1.54(h)</i>	Trade receivables and other receivables	<i>21</i>	9.423.301	12.089.896
<i>IAS 1.55</i>	Accrued expenses	<i>21</i>	379.706	153.995
<i>IAS 1.54(d)</i>	Short term investments		20.496.216	6.495.815
<i>IAS 1.54(i)</i>	Cash and cash equivalents	<i>24</i>	13.020.563	11.943.703
<i>IAS 1.60</i>	Total Current Assets		74.751.940	59.651.295
	Total Assets		116.496.409	99.806.115
	Equity			
<i>IAS 1.54I, 78(e)</i>	Share capital	<i>25</i>	28.557.298	28.557.298
<i>IAS 1.55, 78(e)</i>	Share premium		8.862.843	8.862.843
<i>IAS 1.54I, 78(e)</i>	Reserves		47.491.622	47.157.267
	Result for the period		5.621.259	3.453.687
<i>IAS 1.55, 78(e)</i>	Retained earnings		271.300	(2.848.032)

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<i>Reference</i>		STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2024 (continued)		
		Note	30.09.2024	31.12.2023
			RON	RON
	Other elements of equity		(3.519.751)	(3.753.867)
	Total equity		87.284.571	81.429.196
	Liabilities			
	Long-term liabilities			
<i>IAS 1.54(o), 56</i>	Deferred tax liabilities		3.541.821	3.775.937
<i>IFRS 16, IAS 8</i>	Other debts, including lease liability	22,23	3.057.452	60.040
<i>IAS 1.60</i>	Total long-term liabilities		6.599.273	3.835.977
	Current liabilities			
<i>IAS 1.54(k)</i>	Trade payables and other debts, including derivatives	22,23	14.714.136	13.884.794
<i>IAS 1.55, 11.42(b)</i>	Deferred income		7.821.554	950
<i>IAS 1.54(l)</i>	Provisions		76.875	655.198
<i>IAS 1.60</i>	Total current liabilities		22.612.565	14.540.942
	Total Liabilities		29.211.838	18.376.919
	Total Equity and Liabilities		116.496.409	99.806.115

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<i>Reference</i>	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AT 30 SEPTEMBER 2024		
	Note	<u>30.09.2024</u>	<u>30.09.2023</u>
		RON	RON
Continuing operations			
<i>IAS 1. 82(a)</i>	Income	67.406.951	79.879.184
<i>IAS 1.99, 103</i>	Other income	5.048.931	2.246.307
	Total Operational Income	72.455.882	82.125.491
	Expenses related to inventories	(22.516.316)	(37.229.862)
	Utility expenses	(1.605.525)	(1.389.498)
	Employee benefits expenses	(24.819.331)	(24.667.173)
	Depreciation and amortization expenses	(4.511.283)	(3.934.214)
	Depreciation expenses related to rights-of-use for leased assets	(540.592)	(493.847)
	Gains/losses on disposal of property	(469.139)	(7.161)
	Adjusting the value of current assets	104	0
	Increase/(Decrease) of provision expenses	722.894	1.606.776
<i>IAS 1.99, 103</i>	Other expenses	(12.396.657)	(11.748.086)
	Total Operational expenses	(66.135.845)	(77.863.065)
	The result of operational activities	6.320.037	4.262.426
	Financial income	793.375	641.564
<i>IAS 1.82(b)</i>	Financial expenses	(113.744)	(441.514)
	Net financial result	679.631	200.050
<i>IAS 1.85</i>	Result before taxation	6.999.668	4.462.476
	Current income tax expenses	(1.531.805)	(373.953)
	Deferred income tax expenses	(378.393)	(104.118)
	Deferred income tax income	531.789	0
<i>IAS 1.85</i>	Result for continuing operations	5.621.259	3.984.405
<i>IAS 1.82(f)</i>	Result for the period	5.621.259	3.984.405

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<i>Reference</i>	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AT 30 SEPTEMBER 2024 (continued)	Note	<u>30.09.2024</u> RON	<u>30.09.2023</u> RON
	Other comprehensive income			
<i>IAS 1.82(g)</i>	Reevaluation of tangible assets		(271.300)	(376.352)
<i>IAS 1.85</i>	Other comprehensive income after taxation		(271.300)	(376.352)
<i>IAS 1.82 (i)</i>	Total comprehensive income for the period		5.349.959	3.608.053
	Attributable profit			
<i>IAS 1.83(b)(ii)</i>	Shareholders		5.621.259	3.984.405
	Profit for the period		5.621.259	3.984.405
	Total attributable comprehensive income			
<i>IAS 1.83(b)(ii)</i>	Shareholders		5.349.959	3.608.053
	Earnings per share			
<i>IAS 33.66</i>	Basic earnings per share		0,49	0,35
<i>IAS 33.66</i>	Diluted earnings per share		0,49	0,35
	Continuing operations			
<i>IAS 33.66</i>	Basic earnings per share		0,49	0,35
<i>IAS 33.66</i>	Diluted earnings per share		0,49	0,35

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Reference

STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders								Total equity
	Share capital	Share premium account	Revaluation reserve	Other reserves	Retained earnings	Result for the period	Other elements of equity	Profit appropriation	
<i>IAS</i> <i>1.108,109</i>									
Balance at December 31, 2022	<u>28.557.298</u>	<u>8.862.843</u>	<u>29.304.680</u>	<u>18.596.499</u>	<u>892.220</u>	<u>(4.215.117)</u>	<u>(4.014.451)</u>	=	<u>77.983.972</u>
Loss/ Net profit for the year					<u>(4.215.117)</u>	<u>7.668.804</u>			<u>3.453.687</u>
Transfer in reserve	-	-	(782.550)	-	474.865	-	260.584	-	(47.101)
Revaluation reserve	-	-	38.638	-	-	-	-	-	38.638
Balance at December 31, 2023	<u>28.557.298</u>	<u>8.862.843</u>	<u>28.560.768</u>	<u>18.596.499</u>	<u>(2.848.032)</u>	<u>3.453.687</u>	<u>(3.753.867)</u>	=	<u>81.429.196</u>
<i>IAS</i> <i>1.106(d)(i)</i>									
Loss /Net profit for the year	-	-	-	-	3.453.687	2.167.572			5.621.259
Transfer in reserve	-	-	271.300	(605.655)	334.355	-	234.116	-	234.116
Balance at September 30, 2024	<u>28.557.298</u>	<u>8.862.843</u>	<u>28.289.468</u>	<u>19.202.154</u>	<u>271.300</u>	<u>5.621.259</u>	<u>(3.519.751)</u>	=	<u>87.284.571</u>

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Reference **STATUS OF THE TREASURY CASH FLOW**

<i>IAS</i> <i>113</i>	<i>1.10(d),</i>	For the financial year ending 30 September	Note	2024	2023
		Treasury Cash Flow for operating activities			
		Profit of the period		5.621.259	3.984.405
		Adjustment for:			
		Depreciation of intangible and tangible assets	<i>14,15,17</i>	5.125.700	4.042.993
		Net expenses / (net income) with provisions		(722.894)	(1.606.776)
		(Profit)/Loss on receivables and miscellaneous debtors		(104)	0
		Losses on the disposal of fixed assets		469.139	7.161
		Expenses on the delayed income tax	<i>13a</i>	1.531.805	373.953
		Expenses from the delayed income tax	<i>13b</i>	378.393	104.118
		Income from deferred corporate income tax		(531.789)	0
		Cash Flow from operating activities before the working capital		11.871.509	6.905.854
		Amendment of the working capital:			
		Stocks modification		(2.464.268)	20.245.929
		Modification of the commercial account receivables and of		2.592.152	(13.393.840)
		Modification of the advanced expenses		(255.711)	(135.247)
		Modification of the commercial debts and of other debts		9.804.125	(8.499.514)
		Cash flow generated from operating activities		21.547.807	5.123.182
		Interest paid (leasing)		(16.165)	(76.128)
<i>IAS 7.35</i>		Profit /specific tax paid		1.165.802	0
<i>IAS 7.10</i>		Net cash flow from operating activities		22.697.444	5.047.054
		Treasury Cash Flow from investment activities			
<i>IAS 7.31</i>		Cashed interests		684.123	124.104
<i>IAS 7.16(a)</i>		Tangible and intangible assets acquisition	<i>14, 15</i>	(5.706.286)	(2.963.789)
		Short term investments		(14.000.401)	(2.510.792)
<i>IAS 7.10</i>		Net cash used in investment activities		(19.022.564)	(5.350.477)
		Treasury cash flow from financing activities			
<i>IAS 7.31</i>		Paid dividends		(71.157)	(84.498)
		Increase (repayment) of loans (leasing)		(2.921.025)	(499.576)
<i>IAS 7.10</i>		Net cash from (used in) financing activities		2.849.868	(584.074)
		Net increase/decreases of the cash flow and of the cash flow equivalents		6.524.748	(887.497)
		Cash Flow and equivalents from 1st of January		6.495.815	8.852.408
		Cash flow and cash flow equivalents at 30th of September		13.020.563	7.964.911

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Reference NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

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

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

IAS 1.51(a)-(c) The individual financial statements in accordance with IFRS have been prepared for the year ended 30 September 2024. The Company's main activity is the **construction of ships and floating structures (NACE code: 3011)**.

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

a. Statement of compliance

IAS 1.16 The company has prepared Individual Financial Statements for the period 01.01-30.09.2024 in accordance with the International Financial Reporting Standards as approved by the European Union, applicable to companies whose securities are admitted to trading on a regulated market, according to the Order of the Minister of Public Finance no. 881/2012 regarding the application by companies whose securities are admitted to trading on a regulated market of the International Financial Reporting Standards and the Order of the Minister of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards, as subsequently amended and supplemented.

IAS.10.17 The financial statements have been authorized for issue by the Board of Directors on November 7th, 2024.

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

IAS 1.117(a)

- Real estate investments;
- Buildings and grounds;
- Means of naval transport.

b. Functional currency and presentation currency

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

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

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

a. Professional judgements and key assumptions

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

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

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

- Note 18 –Investment property classification;
- Note 22 – Loans.

b. New International Financial Standards not applied by the Company

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

These are:

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

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

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

c. Presentation of financial statements

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

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

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

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

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

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

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

Expenses representing inventories consumption, depreciation of fixed assets, interest expenses, employee expenses etc. and which according to the IFRS stipulations, are included in some assets value, are recognized during the period depending on their nature. Complementarily, the accounting records related to assets in progress, on recognize of the related income accounts. In preparation of the annual accounting reports, as well as those submitted during the year to the territorial units of the Ministry of Public Finance, which are prepared in accordance with the format established by the Ministry of Public Finance, the Company which, according to IAS 1, has chosen to present the analysis of expenses using a classification based on their nature, does not present either the value of these expenses or the value of the corresponding revenues as it is stipulation by OMFP 2844 of December 12, 2016 for approving the Accounting Regulations compliant with International Financial Reporting Standards (paragraph 182).

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<i>Reference</i>	NOTES TO SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS	
<i>IAS 1.112(a)</i>	2. Basis of preparation (continued)	
	d. Standards and interpretations available in the current period	
	The following standards, issued by the International Accounting Standards Board (IASB) and adopted by the European Union, are available in the current period:	
IAS 1	Presentation of financial statements	Fundamental Accounting Principles, structure and content of financial statements, mandatory posts and the concept of true and fair view, completed with amendments applicable from 1 January 2013.
IAS 2	Inventories	Defining of the accounting process applicable to inventories in the historical cost system: evaluation (first in - first out, weighted average cost and net realisable value) and the perimeter of allowed costs.
IAS 7	Statement of Cash Flows	Analysis of cash variations, classified into three categories: cash-flows from operating activities, cash-flows from investing activities, cash-flows from financing activities.
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors	Defining the classification, the information that need to be disclosed and the accounting treatment of certain items in the income statement.
IAS 10	Events after the reporting period	Requirements for when events after the reporting period should generate an adjustment to the financial statements: definitions, terms and conditions, particular cases (dividends)
IAS 12	Income Taxes	Definition of tax accounting processing on the period result and detailed stipulations on deferred taxes, supplemented by amendments applicable from 1 January 2013.
IAS 16	Property, plant and equipment	Accounting treatments, net book value calculation and relevant principles regarding depreciation for most types of property, plant and equipment.
IAS 19	Employee benefits	Accounting principles regarding employee benefits: short and long term benefits, post-employment benefits, advantages on equity and allowances on termination of employment, with revisions made in 2011, applicable from January 1, 2013.

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

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

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

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

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

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

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

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

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

IFRS 10	Consolidated Financial Statements	Establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11	Joint Arrangements	Establishing principles for financial reporting for entities that hold interests in jointly controlled commitments..
IFRS 12	Disclosure of Interests in Other Entities	Requires an entity to disclose information that will enable users of its financial statements to evaluate: the nature and risks associated with interests held in other entities; and the effects of those interests on the financial position, financial performance and its cash flows.
IFRS 13	Fair value measurement	The definition of fair value, establishing, in a single IFRS, a framework for measuring fair value, requiring the presentation of information on fair value.
IFRS 15	Revenue from Contracts with Customers	It aims to establish principles that an entity must apply to report information useful to users of financial statements about the nature, amount, timing and uncertainty of income and cash flows arising from a contract with a customer. It applies to an entity's first annual IFRS financial statements for the period beginning on or after 1 January 2018, published in May 2014 and adopted by the European Union in September 2016, effective in the EU on 1 January 2018.
IFRS 16	Leasing contract	Its objective is to standardize the way in which financial and operational leasing contracts are recognized in order to have a better comparability in the financial statements between the entities that use different types of contracts
IFRS 17	Insurance contracts	Aims to ensure that an entity provides relevant information that accurately represents those contracts.

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

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

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

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

a. Foreign currency

(i) Transactions in foreign currency

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

b. Financial instruments

(ii) Share capital

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

c. Tangible Assets

IAS 16.73 (a) (i) Recognition and evaluation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Regarding the accounting treatment of revaluation differences, these were made in accordance with IAS 16 as follows:

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

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

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

If the carrying amount of an asset is impaired as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent that the revaluation surplus shows a credit balance for the asset. Reduction recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

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

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

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

(ii) Reclassification to investment property

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

(iii) Depreciation of tangible non-current assets

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

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

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

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

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

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

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

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

(iv) Derecognition

The account value of a fixed asset shall be derecognised:

- when disposed, or
- when no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of a fixed asset shall be included in profit or loss when the item is derecognised. Gains shall not be classified as revenue.

d. Intangible Assets

(1) Cost

(i) *Software*

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

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

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

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

(ii) *Other intangible assets*

All other intangible assets are recognized at cost.

Intangible assets are not revalued.

(2) Amortization

(i) *Software*

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

(ii) *Other intangible assets*

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

e. Rights-of-use for leases assets

The company as a lessees

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

Leasing liability

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

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

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

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

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

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

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

Rights-of-use assets

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

f. Investment property

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

- (a) used for production or supply of goods or services or for administrative purposes; or
- (b) to be sold in the ordinary course of business.

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

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

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

g. Inventories

I Stocks are assets:

- which are held for sale in the ordinary course of business,
- in the course of production with a view to sale in the ordinary course of business,
- in the form of raw materials, materials and other consumables to be used in the production process or provision of services.

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

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

Measurement of inventories

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

Cost of inventories

The primary basis for accounting inventories is the cost .

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

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

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

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

h. Impairment

(i) Financial assets (including receivables)

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

If in a subsequent period, an event occurring after the recognition of the impairment will determine an increase of the asset's value, the impairment will be reversed.

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

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

i. Employee benefits

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

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

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

j. Provisions

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

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

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

(2) Provisions for litigation

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

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

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

(3) Provisions for guarantees

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

k. Revenue

Revenue refers to goods sold and services rendered.

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

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

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

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

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

Interest income is recognized as the income generates, on an accrual basis using the effective interest method in proportion to the relevant time, based on the principal and the effective rate over the period to maturity or a shorter period if this period is link to transaction costs, when it is established that the company will obtain such income.

Income from financial assets or dividends receivable from entities in which the Company is a shareholder, are recognized in the financial statements of the financial year in which they are approved by the General Meeting of each entity.

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

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

m. Income tax

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

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

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

Recognition of deferred tax assets and liabilities

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

4. Determination of fair value

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

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

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

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

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

4. Determination of fair value (continued)

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

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

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

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

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

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

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

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

5. Incomes

		<u>30.09.2024</u>	<u>30.09.2023</u>
<i>IAS 18.35(b) (i)</i>	<i>Sales of goods</i>	53.619.065	72.163.121
<i>IAS 18.35(b) (ii)</i>	<i>Rendering of services</i>	10.778.379	7.096.682
<i>IFRS 15.113(a)</i>	<i>Sales of waste products and commodities</i>	2.976.391	564.671
<i>IAS 40.75 (f) (i)</i>	<i>Income from rental of real estate investments</i>	33.116	54.710
	Total	<u>67.406.951</u>	<u>79.879.184</u>

The revenues achieved in the period 01.01-30.09.2024 are lower by 15.61% compared to those of the corresponding period of last year, mainly due to the non-realization of revenues from the sale of ships built at the main headquarters in Orsova. During this period, the Company completed a number of 5 ships (5 ships in the corresponding period of 2023), but in the case of a built ship, given that, in accordance with the contractual clauses, the transfer of ownership is made upon its arrival in Rotterdam, the recognition of income, reported to IFRS, took place in October 2024.

The river/sea vessel construction market is still deficient, but the company has its production capacity covered by the end of the year.

We specify that the revenues recorded from the ship repair activity were at a higher level than that achieved in the corresponding period of 2023 and the revenues obtained from the sale of residual products resulting from the production activity but also from the scrapping, mainly, of a floating crane, contributed to these achievements.

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

6. Other incomes

	<u>30.09.2024</u>	<u>30.09.2023</u>
Income from rents (other than rent real estate investments)	4.798.303	1.914.131
Other operational incomes	250.628	332.176
Total	<u>5.048.931</u>	<u>2.246.307</u>

In the period 01.01 - 30.09.2024 these revenues are at a higher level than in the corresponding period of the previous year (increase by 124.77%). The amounts realized during this period and recorded in the rental income position are mainly related to the lease contracts of three of the 5 owned by the branch but also from the lease of spaces in the patrimony of the Agigea branch. As for the amount recorded under Other operating income, it is mainly due to income received as penalties as a result of non-compliance with the contractual clauses by a partner of the company.

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7. Outgoings on stocks

	<u>30.09.2024</u>	<u>30.09.2023</u>
Expenses with raw materials	12.985.286	25.238.362
Expenses of consumable materials, from whom:	9.012.397	11.193.600
Expenses of auxiliary materials	8.106.179	10.310.988
Expenses of fuel	270.539	334.510
Expenses with spare parts	255.103	364.654
Expenses of other consumable materials	380.576	183.448
Expenses regarding materials of nature inventory items	328.878	403.866
Expenses of unstocked materials	176.822	366.914
Expenses regarding goods	13.304	32.330
Received discount	(371)	(5.210)
Total	<u>22.516.316</u>	<u>37.229.862</u>

In the 9 months of 2024, the significant share in the total inventory expenses is held by raw materials (naval sheet) and auxiliary materials (profiles, pipes). In the analyzed period, there is a significant decrease in inventory expenses compared to the corresponding period of the previous year, this being due to the volume of production completed and delivered in the reference period, but also to the structure of the hulls built at the headquarters in Orsova.

Expenses representing inventory consumption that, according to IFRS, are included in the value of assets are recognized during the period depending on their nature. Accordingly, the value of the assets in execution is recorded in the accounting, on account of the related income accounts. It should be noted that the Company, according to IAS 1, has chosen to present the analysis of expenses using a classification based on their nature, and therefore does not present either the amount of these expenses or the amount of the corresponding income.

8. Utilities outgoings

	<u>30.09.2024</u>	<u>30.09.2023</u>
Expenses with energy	1.560.329	1.346.010
Expenses with water	45.196	43.488
Total	<u>1.605.525</u>	<u>1.389.498</u>

In the period 01.01-30.09.2024, utility expenses are at a higher level than in the corresponding period of the previous one - an increase of 15.55%, this given that the production achieved (revenues) decreased, but the supply tariffs experienced a slight increase.

We specify that an influencing factor in this increase is also the method of presenting expenses using a classification based on their nature, according to IAS 1.

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IAS 1.104 **9. Staff costs**

	<u>30.09.2024</u>	<u>30.09.2023</u>
Personnel expenses	22.886.671	22.678.654
Expenses with contributions to compulsory social insurance	1.932.660	1.988.519
Total	<u>24.819.331</u>	<u>24.667.173</u>

Medium number of employees	331	328
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In the analyzed period of 2024, salary expenses experienced a slight increase compared to the corresponding period of 2023. The increase in the salaries of the Company's staff, starting with May 2024, by 10% respectively the increase, during the analyzed period, of the value of the meal voucher from 30 lei/meal voucher to 40 lei/meal voucher, positively influenced the level of salary costs, given that the volume of production carried out and delivered during this period was lower than that achieved in the 9 months of 2023.

In the same proportion as the increase in salary expenses, expenses related to labor insurance, insurance and social protection contributions also increased.

As in the case of the other categories of expenses, in the presentation of personnel expenses, an influencing factor in this increase is the method of presenting expenses using a classification based on their nature.

10. Value adjustment of current asset

	<u>30.09.2024</u>	<u>30.09.2023</u>
Losses(Profit) on receivables and various debtors	(104)	-
Income from adjustments for impairment of current assets	-	-
Total	<u>(104)</u>	<u>=</u>

The amounts presented above refer to the profit made from the reactivation of some debtors. Between 01.01-30.09.2024, no such operations were carried out.

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IAS 1.97

11. Other outgoings

	<u>30.09.2024</u>	<u>30.09.2023</u>
Expenses with maintenance and repairs	767.219	141.153
Expenses with royalties, managed locations and rents	64.972	63.266
Expenses with premium insurance	159.050	120.083
Expenses with commissions and fees	-	-
Protocol, advertising and advertising expenses	21.708	25.103
Goods and personnel transport expenses	1.868.658	1.326.567
Travel expenses, secondments and transfers	34.901	67.342
Postage and telecommunications expenses	32.660	37.833
Banking services expenses	38.779	42.420
Other expenses for services performed by third parties	8.826.993	9.477.087
Expenses with other taxes and fees	528.090	322.799
Expenses for environment protection	11.209	8.455
Expenses with fixed assets held for sale	-	-
Other operational expenses	42.418	115.978
Total outgoings	<u>12.396.657</u>	<u>11.748.086</u>

In the period 01.01-30.09.2024, the above level of expenses increased by 5.52% compared to the same period of the previous year.

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

- There is an increase in maintenance and repair expenses, during the analyzed period the Company performing the maintenance and repair activity of machinery, production halls and social spaces.
- The expenses with the transport of goods and persons, expenses that are closely related to the volume of sales revenues, refer in particular to the transport of 4 river vessels built at the main headquarters, on the route: Orşova – Rotterdam. We specify that, in accordance with the contractual provisions, the transfer of ownership is carried out with the delivery of the ships to these points, during the entire period of transport the ships being insured by the Company, according to the contractual clauses.
- The volume of services performed by third parties, in direct correlation with the volume of production performed, decreased compared to the 9 months of 2023. During the analyzed period, the Company, given the labor shortage, continued to resort to subcontractors. As regards the auditors' fees, included in the total amount of these items, it is noted that their level is close to that of the previous year. Specifically, they recorded the following values: 49,257 lei, including VAT. fees to statutory auditors (48,726 lei, including VAT, in the corresponding period of the previous year), and for internal audit services, the amounts paid in the period 01.01-30.09.2024 were 21,314 lei, including VAT (31,861 lei, including VAT, in the corresponding period of the previous year).

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

□ As regards the Other expenses item, there is a decrease of 63.43% in their level compared to those recorded in the similar period of 2023.

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

Recognized in the profit or loss account:

		<u>30.09.2024</u>	<u>30.09.2023</u>
<i>IFRS 7.20 (b)</i>	Interest income from bank deposits	605.171	102.849
<i>IAS 21.52 (a)</i>	Incomes from exchange rates differences	188.204	538.715
	Total financial incomes	793.375	641.564
<i>IFRS 16.</i>	Interest expense on the leasing account	16.165	47.190
<i>IAS 21.52 (a)</i>	Expenses from exchange differences rates	97.579	365.386
	Value adjustments regarding financial fixed assets	-	-
	Other financial charges	-	28.938
	Total financial expenses	113.744	441.514
	Net financial result	<u>679.631</u>	<u>200.050</u>

In relation to the above amounts, the following clarifications are made:

- interest income is related to bank deposits and availabilities from the current account;
- due to the evolution of the exchange rate, the income from exchange rate differences was higher than the expenses from exchange rate differences, but was lower than those recorded in the similar period of 2023.
- In the analyzed period of 2024, the company did not have bank loans, so it did not register interest on this basis.

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13a. Expenditure on profit tax

	<u>30.09.2024</u>	<u>30.09.2023</u>
	a) Expenditure on current profit tax	
IAS 12.80 (a) Current period	1.531.805	373.953
IAS 12.80 (b) Adjustments of previous periods		
	b) Deferred income tax expense	
IAS 12.80 (c) Initial recognition and reversal of temporary differences	378.393	104.118
IAS 12.80 (g) Changes in previously unrecognized temporary differences		
IAS 12.80 (f) Recognition of previously unrecognized tax los		
Total profit tax expenses (a+b)	1.910.198	478.071
IAS 12.81 (c) Reconciliation of effective tax rate		
Profit of the period	6.999.668	4.462.476
Non-deductible expenses	4.916	22.332
Non-taxable incomes	722.894	1.606.776
Elements similar to incomes (amortisation after reevaluation 2003)	1.463.228	1.239.330
Other taxable amounts (profit recognized for tax quarter. III)	1.537.042	1.761.405
Deduction of legal reserve	291.821	-
Taxable profit (Tax loss)	9.573.781	2.355.957
Expense with the current profit tax	1.531.805	376.953
Sponsorship	-	3.000
Bonus OUG 33/2020	-	-
Profit (Loss) after tax	5.089.470	3.984.405

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

		Lands and buildings	Machines and equipments	Furniture and fixtures	Work in progress	Total
	Coast or assumed costs					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2023	23.081.969	58.259.701	535.770	1.220.026	83.097.466
<i>IAS 16.73 (e)(i)</i>	Acquisitions	8.300	2.750.693	40.826	2.674.039	5.473.858
<i>IAS 16.73 (e)(ii)</i>	Outgoings of non current asset	8.316	1.922.783	-	2.583.513	4.453.722
<i>IAS 16.73 (d)</i>	Balance at September 30,2023	23.081.953	59.087.611	576.596	1.310.552	84.056.712
	Depreciation and losses from depreciation					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2023	2.083.084	41.795.607	458.992	-	44.337.683
<i>IAS 16.73 (d)(vii)</i>	Depreciation during the year	1.568.825	1.942.944	13.439	-	3.525.208
<i>IAS 16.73 (d)(ii)</i>	Outgoings pf non current asset	1.155	474.424	-	-	475.579
<i>IAS 16.73 (d)</i>	Balance at September 30,2023	3.650.754	43.264.127	472.431	-	47.387.312
<i>IAS 1.78 (a)</i>	Accounting values					
	Balance at 1 January 2023	<u>20.998.885</u>	<u>16.464.094</u>	<u>76.778</u>	<u>1.220.026</u>	<u>38.759.783</u>
	Balance at September 30, 2023	<u>19.431.199</u>	<u>15.823.484</u>	<u>104.165</u>	<u>1.310.552</u>	<u>36.669.400</u>
		Lands and buildings	Machines and equipments	Furniture and fixtures	Work in progress	Total
	Coast or assumed costs					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2024	23.081.953	61.570.014	576.596	1.402.835	86.631.398
<i>IAS 16.73 (e)(i)</i>	Acquisitions	126.226	2.308.621	64.533	2.308.064	4.807.444
<i>IAS 16.73 (e)(ii)</i>	Outgoings of non current asset	-	2.767.058	54.309	1.102.888	3.924.255
<i>IAS 16.73 (d)</i>	Balance at September 30,2024	23.208.179	61.111.577	586.820	2.608.011	87.514.587
	Depreciation and losses from depreciation					
<i>IAS 16.73 (d)</i>	Balance at 1 January 2024	4.173.736	43.119.223	477.868	-	47.770.827
<i>IAS 16.73 (d)(vii)</i>	Depreciation during the year	1.488.817	3.049.047	17.602	-	4.555.466
<i>IAS 16.73 (d)(ii)</i>	Outgoings pf non current asset	-	2.261.961	54.309	-	2.316.270
<i>IAS 16.73 (d)</i>	Balance at September 30,2024	5.662.553	43.906.309	441.161	-	50.010.023
<i>IAS 1.78 (a)</i>	Accounting values					
	Balance at 1 January 2024	<u>18.908.217</u>	<u>18.450.791</u>	<u>98.728</u>	<u>1.402.835</u>	<u>38.860.571</u>
	Balance at September 30, 2024	<u>17.545.626</u>	<u>17.205.268</u>	<u>145.659</u>	<u>2.608.011</u>	<u>37.504.564</u>

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

On 30 September 2024, land has a book value of 1,201,941 RON and represents an area of 86,000 square meters, of which:

- 85,790 square meters at its headquarters in Orşova and
- 210 square meters at its Branch in Agigea, Constanta County.

On 31.12.2007, the Agigea Branch, named at that time Shipyard Services SA Agigea, carried out the land revaluation operation of 210 sqm. As a result, after the merger (in 2008) and until this date, the Company's lands are valued at fair value for the land in the Branch's patrimony and at historical cost for the lands from Orşova.

In the course of the year 2017 the company has put up for sale by tender two plots of land in the area Gratca, of 937 square meters and 3,988 square meters, in accordance with the management decision of 16 February 2017. Although these lands have not found yet their buyers, they have been classified in an appropriate manner as non-current assets held for sale (account 311).

The company has completed cadastral situation for the entire area of the premises owned by Orşova headquarters. The company has completed the land register for the whole situation in the area of property at its headquarters in Orşova.

Revaluation of tangible non-current assets

On 31 December 2004, the value of tangible non –current assets is presented at historical cost, indexed in accordance with government decisions ("GD"), which were applied by that date or at historical cost.

At 31 December 2005 the Company proceeded to revise the value of tangible assets by using the opinion of specialists, employed by the Company. At 31 December 2006, the Company proceeded to review the value of buildings and special constructions using the opinion of specialists, employed in the Company. On 31 December 2007, the Company has not proceeded to review the value of assets at the Orşova headquarters, instead, Agigea Branch conducted a revaluation of fixed assets of structures and ships group, before the merger, under the old name: SC Servicii Construcţii Maritime S.A. Agigea.

During 2007, 2008 and 2009 there were entries recorded in the technological equipment category and other intangible category which leads to a presentation in the financial statements, of the assets of these groups, both at historical cost indexed in accordance with government decisions ("GD"), and historical cost.

At 31 December 2009, the Company proceeded to the revaluation of buildings and special constructions, both at the headquarters in the town of Orşova and at Agigea branch, using the opinion of independent external evaluators. The reflection method of the revaluation in the company's bookings was to eliminate the depreciation from the book value of assets. The amount of the revaluation surplus was credited to revaluation reserve balance for those targets whose fair

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

value was higher than the net book value, and for the other purposes for which the fair value has been less than the book value a reduction of the existing revaluation surplus was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease.

At 31 December 2010 and 2011, the company did not revalue non-current assets.

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

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

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

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

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

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

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

was credited to revaluation reserve balance for those targets whose fair value was higher than the net book value, and for the other purposes for which the fair value has been less than the book value a reduction of the existing revaluation surplus was reflected affecting operating expenses for the purposes for which revaluation reserves were not previously recognized or the recognized revaluation reserve was insufficient to cover the decrease.

For constructions and ships, an increase amounted at 2,181,569 RON was recorded. However analyzed individually, there are positions that present decreases, their total value is amounted at 3,591,056 RON, out of which 3,416,821 RON were incurred from revaluation surplus previously recorded for these items and 174,235 RON were supported on costs.

We specify that more information in connection with the revaluation operation can be found in the REPORT prepared and presented separately to the general meeting of shareholders.

On December 31, 2016, the company proceeded to the revaluation of fixed assets amounted to the nature of shipping assets, using the same external independent evaluator's opinion and based on the same rules on recording differences in results. In the ordinary general meeting of shareholders, the results of this reassessment will be presented as visually distinct agenda. For fixed assets placed in conservation at Agigea branch was recognized an impairment at the end of the year 2016 total of 287,458.76 RON (to 31.12.2015 this impairment was of 252,756,17 RON).

On December 31, 2017, the company proceeded to the revaluation of fixed assets amounted to the nature of shipping assets, using the same external independent evaluator's opinion and based on the same rules on recording differences in results. In the ordinary general meeting of shareholders, the results of this reassessment will be presented as visually distinct agenda.

For fixed assets placed in conservation at Agigea branch was recognized an impairment at the end of the year 2017 total of 304,490.18 RON (to 31.12.2016 this impairment was of 287,458.76 RON)

On December 31, 2018, the company proceeded to re-evaluate the property, buildings and ships, both at the headquarters of Orşova and at Agigea branch using the opinion of independent external evaluators. The method of reflecting revaluation in the Company's accounts was that of eliminating depreciation from the carrying amount of assets. With the value of the revaluation surplus, the balance of revaluation reserves was credited for those items whose fair value was higher than net book value, and for the other objectives for which the fair value was less than the net book value reflected the decrease of the existing revaluation surplus and / or the impairment of operating expenses in the case of previously unrecognized

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

revaluation reserves or recognized revaluation reserves was insufficient to cover the decrease. In both the construction group and the ship, by total group, there are increases, totaling 5,330,995 RON. However, individually analyzed were positions where there were decreases, their total value being 1,054,765 RON, out of which: 1,047,790 RON were borne from the revaluation surplus previously recorded in these positions and the amount of 6,975 was incurred on costs.

At December 31, 2019, the Company proceeded to reevaluation the tangible assets of the nature of the means of ship transport, using the opinion of the same independent external evaluator and based on the same rules regarding the recording of the resulting differences. In the ordinary general meeting of the shareholders, the results of this reassessment will be presented as a separate item on the agenda.

At December 31, 2020, the Company proceeded to reevaluation the tangible assets of the nature of the means of ship transport, using the opinion of the same independent external evaluator and based on the same rules regarding the recording of the resulting differences. At the ordinary general meeting of shareholders, the results of this revaluation will be presented as a separate item on the agenda.

At 31 December 2021, the Company proceeded to re-evaluate property, plant and equipment of the nature of naval transport, using the opinion of the same independent external valuer and based on the same rules on the registration of the resulting differences. For the fixed assets in conservation at the Agigea branch, a total depreciation at the end of 2021 of RON 435,721.16 was recognized (as at 31.12.2020 this depreciation was of 406,522.02 lei).

On 31 December 2022, the Company proceeded to the revaluation of property, plant and equipment of the nature of the means of naval transport, using the opinion of the same independent external valuer and based on the same rules on the registration of the resulting differences. For fixed assets located in conservation at the Agigea branch was recognized a total depreciation at the end of 2022 of 395,779.82 lei (as of 31.12.2021 this depreciation was of 435,721.16 lei).

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

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

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

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

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

According to IFRS 13, valuation at fair value of buildings and means of naval shipping supposed taking into consideration the characteristics of the assets, which users of financial statements would consider in determining the price of the asset at the balance sheet date. Fair value determination was carried out by an independent external evaluator and shall be treated as level 2 under IFRS 13 for the data taken into account in determining the fair values as at 31 December 2019, the date of financial reporting. At the company level, there has not been any change of the level presented by IFRS 13 for the data taken into account in determining the fair values. Also, the maximum amount for assets valued at fair value does not differ from the current amount of use.

Impairment losses and subsequent reversals

At the end of 2023, for the fixed assets in conservation at the Agigea branch, the depreciation test was also performed, with a total depreciation of RON 419,372.21 being recognized, related to fixed assets other than buildings. This impairment is found at the same level as on 30.09.2024.

Pledged or mortgaged non-tangible asset

To guarantee the multi-option and multi-currency global limit, in value of 1,500,000 (at the same level as on 2023), made available by BRD-GSG SA, the Company established the following::

- First rank mortgage on the following properties: Repair hall, New Hall, Thermal power station, Compressors Station and PSI Shed, Operating Group, Cafeteria, Merged building, all including land, toate împreună cu terenul aferent, properties assessed according to the Guarantee Monitoring Report at EUR 1,512,800 market value, registered in the Land Book Register under the numbers 1133, 1146, 1121, 1145, 1134, 1135 and 1132;
- Security interest with dispossession on a deposit in value of 401.201 EUR.
- Assignment of receivables as collateral on receipts in a total value of 13.618.500 EUR, resulting from the commercial contracts concluded by the Company with third parties, not cashed up at 30.09.2024.

Non-tangible asset under construction

As of 30.09.2024, the company has uncompleted investment objectives in the amount of RON 2,608,011 (RON 1,310,552 as of 30.09.2023). A significant share in them is represented by the modernization works of the launch track at the Agigea branch, including the replacement of the feather trolleys, of the technological platforms, but also modernization works of the launch track at the headquarters in Orsova.

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<i>Reference</i>	<i>NOTES TO INDIVIDUAL FINANCIAL SITUATIONS IN ACCORDANCE WITH IFRS</i>		
IAS 38	15. Intangible assets		
<i>IFRS 3.61</i> <i>IAS 38.118 (c), (e)</i>		Other assets	Total
	Cost		
<i>IFRS 3.B67</i> <i>(d)(viii),IAS 38.118</i> <i>IAS 38.118(e)</i>	Balance at 1 January 2023	1.033.977	1.033.977
	Aquisitions	73.445	73.445
	Outgoings of intangible assets	-	-
<i>IAS 38.118</i>	Balance at 30 of September 2023	1.107.422	1.107.422
	Depreciation and amortisation losses		
<i>IFRS 3.B67</i> <i>(d)(i),IAS 38.118</i> <i>IAS 38.118(e)(vi)</i>	Balance at 1 January 2023	1.006.198	1.006.198
	Amortisation during the year	23.936	23.936
	Outgoings of fixed assets	-	-
<i>IFRS 3.B67</i> <i>(d)(viii),IAS 38.118</i>	Balance at 30 of September 2023	1.030.134	1.030.134
	Accounting values		
<i>IAS 38.118(c)</i>	Balance at 1 January 2023	<u>27.779</u>	<u>27.779</u>
<i>IAS 38.118(c)</i>	Balance at 30 of September 2023	<u>77.288</u>	<u>77.288</u>
<i>IFRS 3.61</i> <i>IAS 38.118 (c), (e)</i>		Other assets	Total
<i>IFRS 3.B67</i> <i>(d)(viii),IAS 38.118</i> <i>IAS 38.118(e)</i>	Balance at 1 January 2024	1.120.152	1.120.152
	Aquisitions	-	-
	Outgoings of intangible assets	6.894	6.894
<i>IAS 38.118</i>	Balance at 30 of September 2024	1.113.258	1.113.258
	Depreciation and amortisation losses		
<i>IFRS 3.B67</i> <i>(d)(i),IAS 38.118</i> <i>IAS 38.118(e)(vi)</i>	Balance at 1 January 2024	1.038.988	1.038.988
	Amortisation during the year	29.641	6.894
	Outgoings of fixed assets	-	-
<i>IFRS 3.B67</i> <i>(d)(viii),IAS 38.118</i>	Balance at 30 of September 2024	1.061.735	1.061.735
	Accounting values		
<i>IAS 38.118(c)</i>	Balance at 1 January 2024	<u>81.164</u>	<u>81.164</u>
<i>IAS 38.118(c)</i>	Balance at 30 of September 2024	<u>51.523</u>	<u>51.523</u>

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

IAS 39 **16. Other investments, including derivative financial instruments**

The securities are recognized in the financial statements in accordance with IAS 27 (revised in 2010), IAS 36 (revised in 2009), IAS 39 (revised in 2009) and IFRS 7 (issued in 2008). From the corroboration of the provisions of the 4 standards, the company adopted the following policy for the recognition and evaluation of the shares and the securities:

- investments in subsidiaries, jointly controlled entities and associated entities are recognized at cost value;
- short-term investments held for sale not quoted on the stock exchange are recorded at cost, for the impairments being made adjustments (the treatment for the depreciation of these securities is established by IAS 39 paragraph 63);
- Short-term investments held for sale listed on the stock exchange are recorded at fair value (the value of the last trading day of the year), any gains or losses to be recognized in the capital situation. If there is objective evidence of impairment (as presented in paragraph 59 of IAS 39), as well as in the case of foreign exchange losses and gains, the loss of value will be recognized in the profit and loss account.

Other investments	30.09.2024			30.09.2023		
	Accounting value	Impairment adjustments	Net value	Accounting value	Impairment adjustments	Net value
Long term investments						
Shares detained at Kritom	684.495	684.495	0	684.495	684.495	0
Other titles detained on long term	0	0	0	0	0	0
Total investments on long term	684.495	684.495	<u>0</u>	684.495	684.495	<u>0</u>

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0,
IAS 39 **16. Other investments, including derivative financial instruments (continued)**

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

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

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

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

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

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

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

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

On 30 September, 2024, the Company had fully set up impairments for these securities, amounted to 684,495 RON, so the net value on 30 September 2024 was 0 RON (the same situation was registered at 30 September, 2023).

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

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

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

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

As of 2019, IFRS 16 Leases became applicable. Since the company has certain leases, as a lessee, with a term of 12 months or less and low-value leases, apply for these contracts the exception for the recognition of short-term leases and low-value leases.

We specify that the company, at the headquarters of the Agigea branch, has the right to use the land that was owned by the National Company for the Administration of Maritime Ports Constanta.

The lease agreement concluded in this regard with CNAPMC (September 2019) is valid until 2038 but contains clauses regarding the renegotiation of the tariff every 5 years (renegotiated in September 2024) and an annual indexable rent value. Therefore, the company classified the contract with CNAPMC under the IFRS 16 standard and recorded an asset related to the right of use and a corresponding leasing debt.

The carrying amounts of the rights of use of the recognised asset and the movements of the period are shown below:

	Total land-use rights	Total rights of use of assets
Cost		
As of 1 January 2019	0	0
Inputs	2.502.294	2.502.294
As of 31 December 2019	2.502.294	2.502.294
Inputs	94.066	94.066
As of 31 December 2020	2.596.360	2.596.360
Inputs	142.574	142.574
As of 31 December 2021	2.738.935	2.738.935
Inputs	116.674	116.674
As of 31 December 2022	2.855.609	2.855.609
Inputs	44.891	44.891
As of 30 December 2023	2.900.500	2.900.500
Outputs	2.900.500	2.900.500
Inputs	3.362.409	3.362.409
As of 30 September 2024	3.362.409	3.362.409
Amortization		
As of 1 January 2019	0	0
Depreciation of the year	125.115	125.115
As of 31 December 2019	125.115	125.115
Depreciation of the year	520.262	520.262
As of 31 December 2020	645.377	645.377
Depreciation of the year	533.595	533.595
As of 31 December 2021	1.178.973	1.178.973
Depreciation of the year	567.259	567.259
As of 31 December 2022	1.746.232	1.746.232
Depreciation of the year	658.463	658.463
As of 31 December 2023	2.404.695	2.404.695
Outputs	2.900.500	2.900.500
Inputs	540.592	540.592
As of 30 September 2024	44.787	44.787
Net book value		
As of 31 December 2019	2.377.179	2.377.179
As of 31 December 2020	1.950.983	1.950.983
As of 31 December 2021	1.559.962	1.559.962
As of 31 December 2022	1.109.377	1.109.377
As of 31 December 2023	495.806	495.806
As of 30 September 2024	3.317.622	3.317.622

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

IAS 40 **18.Real estate investments**

		<u>2024</u>	<u>2023</u>
<i>IAS 40.76(a)</i>	Balance on 1 January	606.447	593.773
<i>IAS 40.76(f)</i>	Acquisitions	0	0
<i>IAS 40.76(d)</i>	Transfer from property, plant and equipment	0	0
<i>IAS 40.76(d)</i>	Disposals/impairments, transfer to property, plant and equipment	0	0
	Balance at 30 September	<u>606.447</u>	<u>593.773</u>

Starting with September 2019, the Agigea branch proceeded to lease a building located in Constanta, called "Headquarters", to the companies City Protect, Glorios and Protect Instal. The lease agreements with the two companies were terminated during the period under review. The Company measures real estate investments at fair value, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. On 31.12.2024 the real estate investment was revalued by an independent external appraiser. The evaluation method used was the income approach.

19. Stock

	30.09.2024	30.09.2023	
<i>IAS 1.78 (c),2.36(b)</i>	Raw materials and materials	7.241.797	10.702.473
<i>IAS 1.78(c), 2.36(b)</i>	Production in progress	18.565.637	19.121.757
<i>IAS 1.78(c), 2.36(b)</i>	Finished products	-	-
<i>IAS 1.78(c),2.36(b)</i>	Third Party Products	6.350.659	-
<i>IAS 1.78(c),2.36(b)</i>	Commodities	-	-
	Imparment adjustments	(725.939)	(674.373)
	Stocks at net value	<u>31.432.154</u>	<u>29.149.857</u>

IAS 1.104,
2.36(e)(f)

For the stocks of raw materials and materials older than 2 years (for sheet metal stocks older than 3 years), existing in the balance at the end of 2023, without movement, the company proceeded to adjust the book value, constituting a total depreciation of RON 725,939, which is maintained as of 30.09.2024. Compared to the corresponding period of the previous year, there was an increase in inventories by 7.83%, mainly a reduction in stocks of raw materials and materials following the completion of new ship constructions that are the subject of the contracts concluded by the company until this date.

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20. Fixed assets held for sale

As of 30.09.2024, the company does not hold such assets.

21. Trade and similar receivables, other receivables and advances

		30.09.2024	30.09.2023
<i>IAS 1.78 (b)</i>	Trade receivables in relation to related parties	509.070	-
	Loans to executives	-	-
<i>IAS 1.78 (b)</i>	Trade receivables	7.405.923	15.377.687
	Adjustments for the impairment of trade receivables	(166.620)	(166.620)
<i>IFRS 7.8(c)</i>	Net commercial loans and receivables	7.748.373	15.211.067
	Claims - total	2.054.634	550.164
	Different debtors	364.131	421.355
	Suppliers - debtors	515.707	-
	VAT to be recovered and not exigible	230.200	0
	Adjustment for other receivables	(263.589)	(513.248)
	Expenses registered in advance	379.706	296.869
	Other receivables	828.479	345.188
	Total	9.803.007	15.761.231

As for trade receivables, as of 30.09.2024 they are at a lower level than those recorded at the end of the corresponding period of the previous year and are related to current deliveries of goods and services, with maturities in the next period.

During the period 01-30.09.2024, no movements of the Company's impairment accounts related to the adjustments of trade receivables were recorded. We note a decrease in the adjustments of other receivables.

The receivables analysed in this note do not include receivables presented in the category of fixed assets.

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

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

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

	30.09.2024	30.09.2023
As of January 1,	166.620	166.620
Resumption of depreciation	-	-
Established depreciations	-	-
Balance at the end of the period	166.620	166.620

22. Trade payables and other liabilities

	30.09.2024	30.09.2023
Trade payables – short term	2.669.608	1.729.362
Social security and other taxes and fees	1.674.996	1.936.549
Suppliers – unsecured invoices	660.652	2.122.591
Clients- creditors	8.509.136	5.153.965
Other debts	1.199.744	1.189.741
Commercial debts – long term	3.057.452	59.604
Total:	<u>17.771.588</u>	<u>12.191.812</u>

Short-term trade debts refer to payment obligations to suppliers and advances received from customers. There is an increase of 45.77% compared to the same period of 2023, due to the increase in the volume of purchases, but also an increase in social security obligations and other taxes and fees due to the state budget. Thus, their balance as of 30.09.2024 represents current debts whose payment was made after the analyzed period.

Also, a significant increase is recorded in the "Customers-creditors" position, the company collecting advances from customers in accordance with the contractual clauses provided in the contracts in progress on 30.09.2024.

In September 2024, the land lease contract owned by the National Company for the Administration of Maritime Ports of Constanta was renegotiated, so that the company registered the leasing debt in correspondence for a new period of 5 years

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

23. Loans Leasing obligations

Finance leases

As of September 30, 2024, the Company has no financial leasing contracts.

Operating leases

The total commitments included in the leasing contract concluded with the National Company Constanta Sea Ports Administration on September 30, 2024, recognized in accordance with IFRS 16, is RON 3,362,409. When updating the leasing payments for 2024, as the company has no other loans contracted, it used the NBR's monetary policy interest rate of 7%.

The maturity of the leasing debts is as follows:

	2024	2023
Initial year	-	-
Year 1	-	-
Year 2	-	-
Year 3	-	-
Year 4	-	634.972
Year 5	-	505.079
Initial year	3.362.409	-
Total	3.362.409	1.140.051
Debt balance September 30	3.362.409	613.897
Long-term	2.924.827	-
Short-term	437.583	613.897

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

24. Cash and cash equivalents

	30.09.2024	30.09.2023
Bank accounts in lei	1.748.762	3.973.662
Bank accounts in foreign currency	11.254.396	3.975.864
Petty cash in lei	16.694	9.796
Petty cash in euro	-	-
Other values	711	5.589
Total	<u>13.020.563</u>	<u>7.964.911</u>

Amounts in cash and cash equivalents increased compared to the previous period (by 63.47%). A main factor influencing this decrease is represented by the reduced purchases of stocks in September, respectively the payment of obligations to suppliers, but also the collection of receivables by the end of the reporting period.

25. Capital and reserves

Capital social

IFRS 7.7
IAS

1.79(a)(i),(iii)

The shareholder structure as of September 30, 2024 is as follows:

	Number Of shares	<u>Amount</u> (lei)
Longshield Investment Group S.A.	5.375.969	13.439.923
Sea Container Services S.R.L	5.375.968	13.439.920
Other corporate shareholders/individual shareholders	670.982	1.677.455
	<u>11.422.919</u>	<u>28.557.298</u>

We mention that during the analyzed period, this structure underwent changes compared to the one registered at the end of 2023 as a result of the mandatory takeover public offer 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.

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 registered, dematerialized, 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 contractually designated for this purpose.

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 be elected to the management bodies, the right to participate in the distribution of profit or any rights derived from

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

25. Capital and reserves(continued)

the quality of shareholder.

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

In the period 01.01-30.09.2024 there were no changes in the share capital.

26. Employees benefits

a) Remuneration of directors and administrators

In order to carry out the management activity, the Company is obliged to pay the directors a fixed monthly remuneration, established by the articles of incorporation or the decision of the general meeting of shareholders, as the case may be.

The fixed monthly remuneration of the directors for the period January 1 - September 30, 2024 was in the amount of 451,233 lei and for the corresponding period of the previous year it was in the amount of 448,031 lei, in accordance with the provisions of the Articles of Incorporation.

The company did not grant advances or loans to directors or administrators during the 9 months of 2024.

Wage expenses:

	Financial exercise End at <u>30 September 2024</u> (lei)	Financial exercises End at <u>30 September 2023</u> (lei)
Administrators	451.233	448.031
Directors	1.067.843	992.650
	1.519.076	1.440.681

During the first half of 2024, there were changes in the composition of the Board of Directors following the election of the directors, by the cumulative voting method, held in April 2024. Thus, the composition of the Board of Directors, as it resulted from the expression of the shareholders' votes, starting with 23.04.2024, is as follows:

Mr. Ion Dumitru – president

Mr. Pripa Alexandru – vice-president

Mr. Fainarea Marius – member

Mrs. Patrascu Nadina Elena - member

Mrs. Catalina Dumitrascu – member

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

26. Employees benefits (continued)

The indemnities and other rights granted to the directors are provided for in Article 19 of the Articles of Association and in the management contracts, which were approved at the General Meeting of Shareholders on April 22, 2024, and the salary and other rights due to the General Manager were established by the Board of Directors, within the limits provided for in Article 22 of the Articles of Incorporation and, respectively, from the Mandate Contract concluded between the Board of Directors and the General Manager.

The mandate of the current Board of Directors ends on April 23, 2028 and that of the General Manager ends on 09.11.2026.

Salaries payable at the end of the period:

	<u>30 September 2024</u>	<u>30 September 2023</u>
	(lei)	(lei)
Administrators	29.154	29.154
Directors	27.807	22.961
	<u>56.961</u>	<u>52.115</u>

b) Employees

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

	Financial exercise Ended at <u>30 September 2024</u>	Financial exercises Ended at <u>30 September 2023</u>
Administrative staff	46	44
Direct productive staff	233	226
Indirect productive staff	52	58
	<u>331</u>	<u>328</u>

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

27. Other information, implications of the COVID-19 pandemic and the conflict between Russia and Ukraine on the quarterly report

In the current context generated by the armed conflict taking place on the territory of Ukraine and the restrictions imposed at international level on the Russian Federation based on the information available to it, the company considers that there are no significant uncertainties, according to paragraph 25 of IAS 1, for the continuation of the activity and there are no indications leading to an impairment of the assets held, in accordance with IAS 36. However, we are faced with uncertainties in the economic and financial plan that may lead to unpredictable developments regarding the level of the economic and financial indicators budgeted by the Company.

The company has sufficient financial resources to ensure financial stability, there is no liquidity risk or negative influences on cash flows.

The company's management has as permanent objectives to analyze the future impact of the factors presented above on the financial performance and to take appropriate measures to reduce the related risks.

The IFRS-compliant individual financial statements prepared for the period 01.01-30.09.2024 were approved by the Board of Directors on November 7, 2024 and were signed by:

Administrator
Ec.Ion Dumitru

Issued
Ec. Marilena Visescu