

SEVERNAV S.A.

INDIVIDUAL FINANCIAL REPORTS

Issued according to **Public Finance Minister's Order no. 1802/2014**
31ST DECEMBER 2020

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SC SEVERNAV SA

Tel./Fax: 004-052-308-000/314-675;

S.C. SEVERNAV S.A.
DR. TR. SEVERIN

ADMINISTRATORS' REPORT

For the financial year 2020

I. SC SEVERNAV SA PROFILE

SC SEVERNAV SA is located in Drobeta Turnu Severin, 204 Timisoarei str., Mehedinti county.

The company is registered at the Registry of Commerce under no. J25/3/1990, having Fiscal Code no. 1606030, fiscal attribute RO.

The activity takes place in Drobeta Turnu Severin.

The company has no registered workstations.

Severnav's has a shareholders' equity of 12.603.865 lei, divided into 5.041.546 shares, each with a face value of 2,5 lei.

The company's shares are traded on the AERO stock exchange, having the symbol SEVE. The face value of each share is 2,50 lei.

Ownership structure on 31.12.2020, according to the consolidated sintetic structure of the owners of financial instruments.

SHAREHOLDER NAME	NO. OF SHARES	PERCENTAGE %	SHAREHOLDERS' EQUITY VALUE (LEI)
TIRLEA VICTOR	1.587.036	31.4792%	3,967,590
CFR MARFA	1,464,388	29.0464%	3,660,970
MEROLA GIANCARLO MICHELE	1,460,000	28.9594%	3,650,000
OTHER SHAREHOLDERS	530,122	10.5151%	1,325,305
TOTAL	5,041,546	100%	12,603,865

Severnav's main activity field is construction of ships and floating structures.

Each activity's share in the total 2020 turnover is as follows:

Indicator	2019	Income share in turnover (%)	2020	Income share in turnover (%)
Total TURNOVER, out of which:	84.168.126	100,00%	82.982.650	100,00%
Income from ship building	81.636.368	96,99%	81.328.605	98,00%
Income from various metal constructions	17.934	0,02%	0.00	0,00%
Income from selling of residual products	1.608.721	1,91%	1.297.135	1,56%
Income from rent	185.353	0,22%	135.101	0,16%
Other income	719.750	0,86%	221.809	0,28%

II. MANAGEMENT OF THE COMPANY

The executive management during 2020 has been performed by a team of directors lead by Mr. Tirlea Victor, as General Director, Mr. Videscu Marilen – Production Director, Mr. Borintis Grigore – Financial Director, Miu Cristian – Development Director.

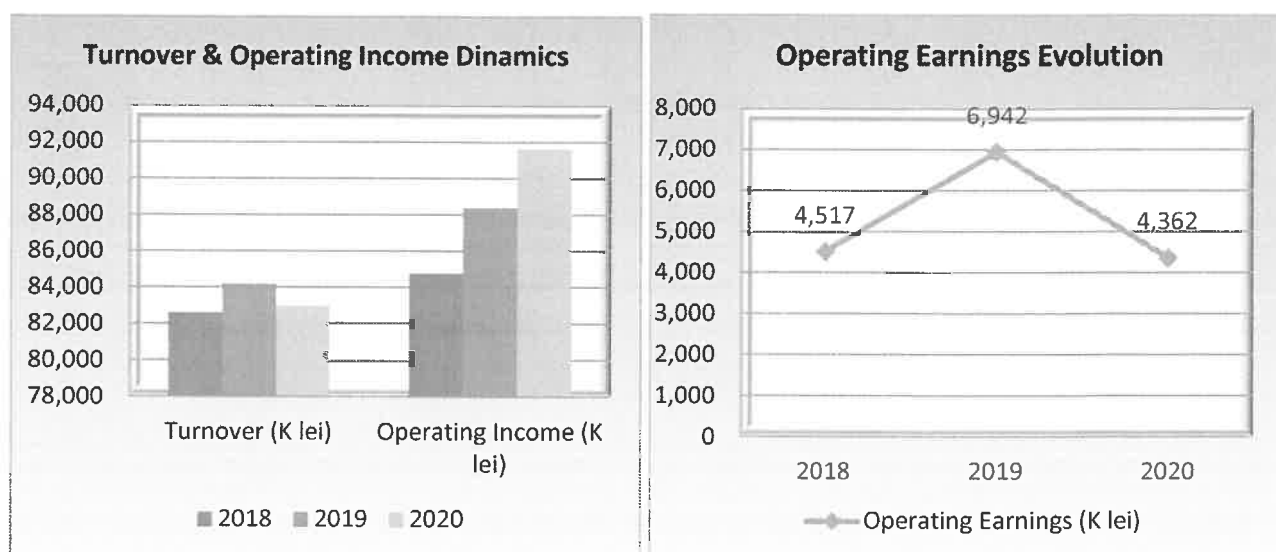
The company has been administrated during 2020 by a Board of Directors, approved in a General Meeting of Shareholders, with the following members: Tirlea Victor – President, Merola Giancarlo Michele – Member, Negescu Pericle – Member, Fanica Grigorie – Member, Kessler Mihai – Member.

During the financial year 2020 there were no changes regarding the composition of the executive and administrative management.

III. MAIN FIGURES 2020

a) Main indicators

	2018	2019	2020
Turnover (k. lei)	82.589	84.168	82.983
Operating income (k. lei)	84.766	88.372	91.631
Operating earnings (k. lei)	4.517	6.942	4.362
Financial earnings (k. lei)	-2.036	-2.849	-3.485
Net earnings (k. lei)	1.745	3.897	553
Equity (k. lei)	93.922	97.795	98.228
Average no. of employees	523	479	437

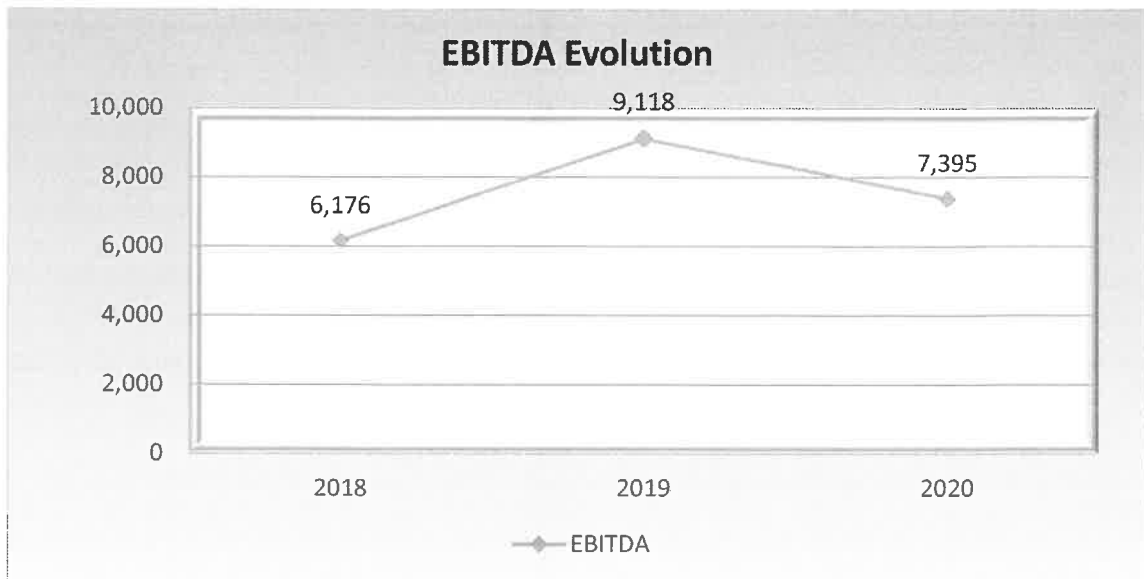


The 2020 **turnover** is 82.983 k. lei, lower by 1.185 k. lei than the 2019 one (84.168 k. lei). This turnover is referring to the completed and sold ships and does not include the production of ships on the manufacturing flow.

Operating income which include the sold ships and the production on manufacturing flow, have grown by 6.865 k. Lei compared to 2018 and by 3.259 k. lei compared to 2019. It's a conjunctural evolution due to a higher production on manufacturing flow, dimensioned according to the terms of the concluded commercial contracts.

Operating earnings a has registered a profit of 4.362 k. lei in 2020, decreasing compared with the previous year 2019 with 2.580 k. lei on an unfavorable evolution of the operating expences

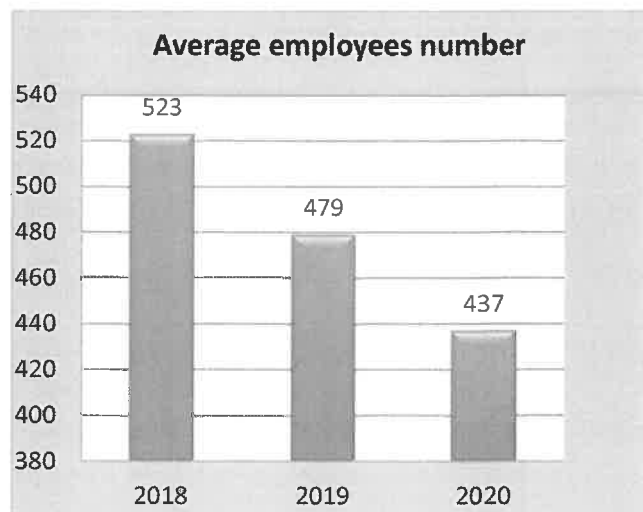
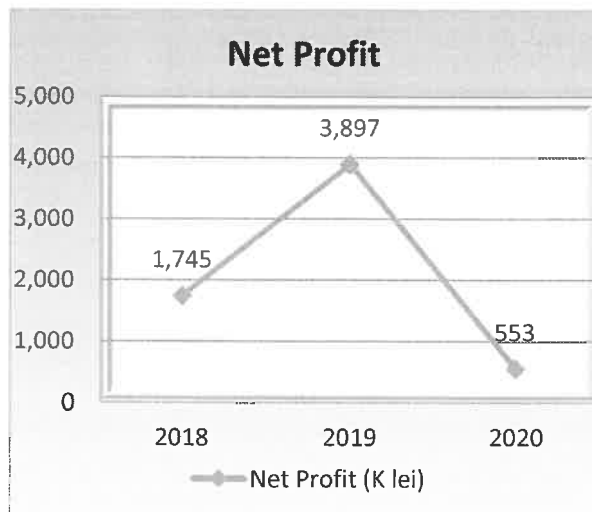
Financial earnings has registered loss of 3.485 k. lei in 2020, increasing by 636 k. lei compared to 2019 (2.849 k. lei), mainly due to the expenses incurred by the bank loans committed to finance the production and investments for development.



The company's yield, before interest, amortization and depreciation, was 97.395 k. lei (2019: 9.118 k. lei, 2018: 6.176 k. lei) decreasing compared to 2019 with 1.723 k. lei. The decrease in 2020 compared to 2019 is the result of an unfavorable dynamics of the expenses and a decreasing of the internal production potential.

Main disruptive factors that influenced EBITDA:

- Increasing the cost of labour force in the area, which starting with 2019 has been disconnected from productivity, tending to the erosion of commercial competitiveness.
- There was a need to introduce free transport to / from the workplace within a radius of about 50 km from the company's headquarters, and to assume costs for the training of newly qualified unskilled personnel.
- The implementation of the investment program that required on certain time period the slowing down of the production flow, as well as the direct costs for commissioning.
- High oscillation of the staff: 30% in 2018, 34% in 2019 and 28% in 2020. Lack of qualified human resources.
- Applying OUG 114/2018 for setting a dissociated minimum wage in the construction area, which lead to the qualified personnel migration to the construction area with a minimum wage granted by the state.
- Increase in the purchase prices of materials, services and electricity.



The company's **net profit** was 553 k. lei, decreasing compared to previous year due to the increase of expenses and income limitation (2019: 3.897 k. lei, 2018: 1.745 k. lei).

The **average number of employees** has decreased by 42 people compared to the previous year, from 479 to 437 employees, caused by the difficulty in recruiting the skilled labor force.

IV. COMMERCIAL ACTIVITY

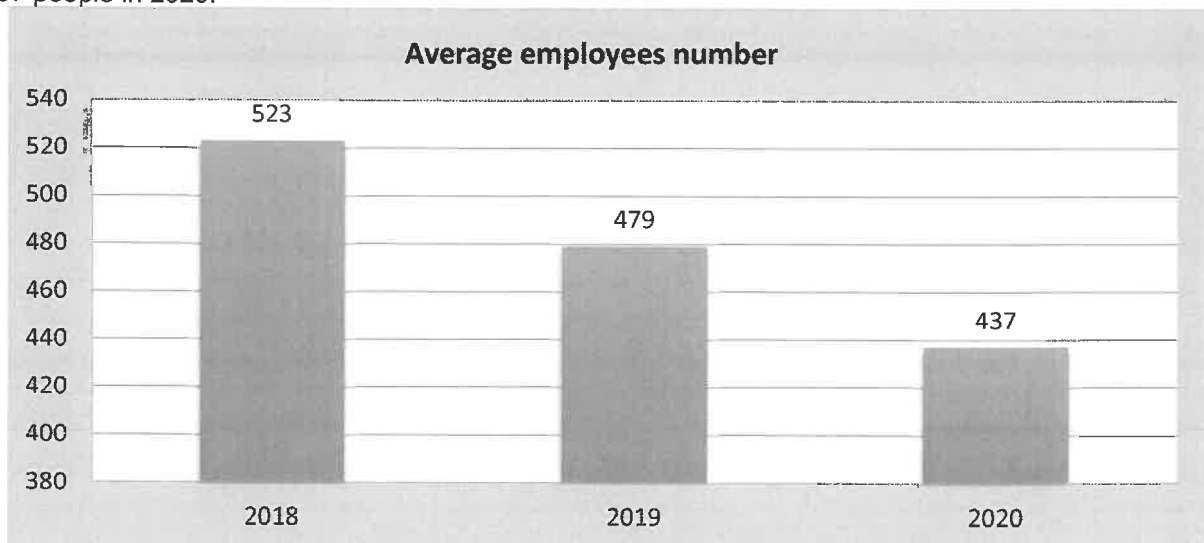
The most important part of the turnover (98,00%) has been achieved from selling of inland vessels, followed by income from selling of residual products (1,56%), income from rent (0,16%), other income (0,28%).

The company's interest continued to be promoted on the European Shipbuilding Market, either directly to customers, or by participating in specialized fairs organized in the Netherlands and Germany. Adequate budgets have been allocated for this purpose.

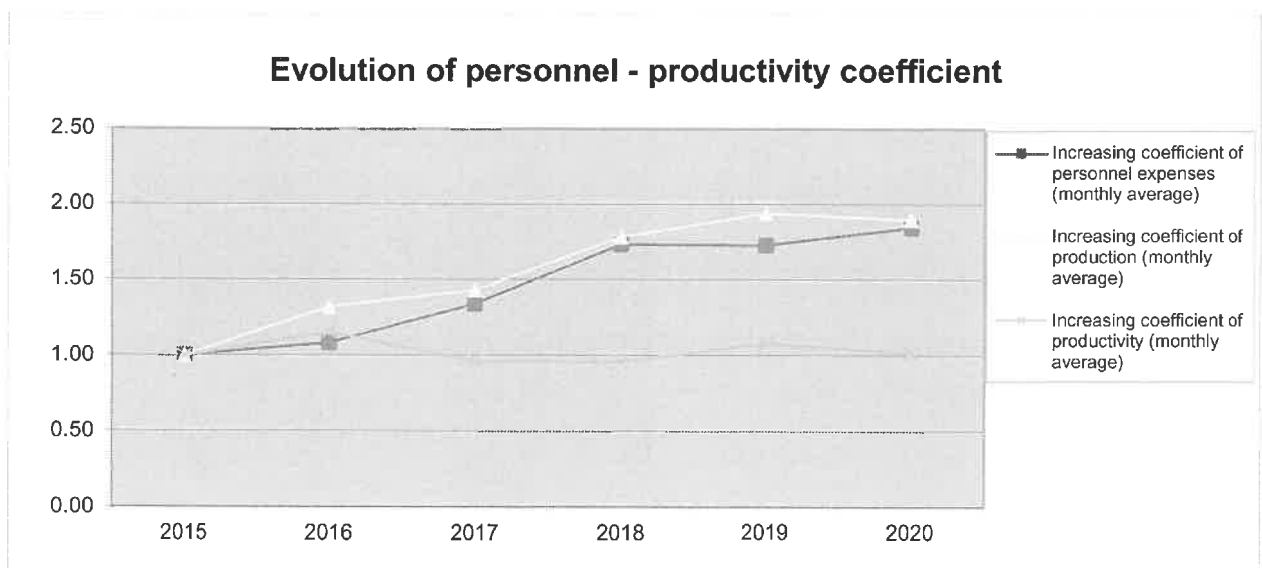
In the portfolio, the company has firmly concluded contracts, with a cumulative value of 24.075 k. EUR, out of which: 11.955 k. EUR with the completion date up to 30.04.2021, 4.545 k.EUR with the completion date up to 31.12.2021, 7.575 k. EUR with the completion date in 2022. Contracts are being in negotiation status in order to complete the entire capacity of 2021.

V. HUMAN RESOURCES

The average no. of employees has decreased from 523 people in 2018, to 479 people in 2019, to 437 people in 2020.



The evolution of labor productivity indicators for 2015 – 2020 is:



The human resources market available for shipbuilding has become very limited in volume and quality. As a result of the disappearance of vocational schools, there are no longer available qualified persons to be recruited. The first option is to recruit and prepare unskilled personnel on the company's costs, assuming in the same time the decreasing of the labor productivity and the overall performance of the company.

In order to meet the production needs, non-qualified personnel was hired for qualification at the workplace, but this led to a very large fluctuation with corresponding costs and without covering the potential demands for shipbuilding.

The dynamic of personnel fluctuation during 2016 – 2020 was:

Period	In	Out	No. at the end of the period	Fluctuation %
Year 2016	160	89	493	18%
Year 2017	170	207	456	45%
Year 2018	248	162	542	30%
Year 2019	117	168	491	34%
Year 2020	104	123	442	28%
TOTAL 2016-2020	799	749	485	155%

Between 2016 and 2020, the number of departed people (fluctuation) reported to average number of personnel for this period was 155%. There were hired 799 people, 749 people left, corresponding to an average annual number of 485 people.

VI. FINANCIAL REPORTS ANALYSIS

1. FIX ASSETS REPORT

SC Severnav SA disposes of (lei)

Non-current asset name	Gross Value		Net accounting value	
	Balance on 01.01.2020	Balance on 31.12.2020	Balance on 01.01.2020	Balance on 31.12.2020
0	1	2	3	4
a) Intangible assets				
Setting-up and development expences, patents, concessions, commercial resources	108.039	108.039	92.734	81.930
Other intangible asset	2.356.428	2.615.516	1.856.060	1.978.765
Advances and intangible assets in progress	163.487	79.340	163.487	79.340
Total intangible assets	2.627.954	2.802.895	2.112.281	2.140.035
b) Tangible assets				
Land and land development	60.269.701	60.228.731	60.269.701	60.228.731
Buildings	32.463.039	43.990.750	26.420.190	36.888.553
Technological equipment and machinery	30.426.945	52.175.784	11.498.412	31.666.364
Other tangible assets	708.672	672.310	481.285	364.934
Assets in progress	10.086.776	1.688.929	10.086.776	1.688.929
Advances for tangible assets	6.627.587		6.627.587	
Total tangible assets	140.582.720	158.756.504	115.383.951	130.837.511
c) Financial assets	8.000		8.000	
Total	143.218.674	161.559.399	117.504.232	132.977.546

On 31.12.2020, the company's heritage has the following structure:

- Land area of 314.129,94 sqm, having an actual market value of 60.229 k. lei, representing 45% of the total net non-current assets;
- Buildings having an actual market value of 36.889 k. lei, representing 28% of the total net non-current assets;

- Technological equipment and machinery having a net value of 31.666 k. lei, representing 24% of the total net non-current assets;
Severnav SA has completed and implemented in 2020 investments value of 33.694.500 lei, mostly in production equipment and IT solutions.

2. CURRENT ASSETS REPORT

a) On 31.12.2020 the Stock's situation was as follows (lei)

Name	2019	2020
Raw materials and consumables	19.316.022	11.742.246
Production in progress	19.598.973	22.694.438
Finished goods and merchandise	0	0
Advances	899.164	431.054
TOTAL	39.814.159	34.867.738

The stocks of raw materials and consumables represented 34% of the total current assets registered on 31.12.2020.

Production in progress, in value of 22.694 k. lei refers to vessels launched in production with delivery term in 2021.

The advance of inventories of 431 k. lei refers to advances paid for the acquisition of raw material and materials for shipbuilding.

The stocks are current and intended to support the production in progress.

a) Inventory Report

The planning and development of the inventory process has been carried out according to the Accounting Law no. 82/1991, to OMFP no. 2861/2009 regarding inventory and on the basis of decisions no. 315/07.10.2020, 317/07.10.2020, 318/07.10.2020 and 316/07.10.2020 2019 issued by the general director of the company.

According to these decisions, all assets, liabilities and shareholders' equity have been inventoried. The inventory results have been registered in the annual financial reports.

b) Receivables Report

The value of the company's net receivables on 31.12.2020 was of de 2.126 k. lei, out of which:

	Receivables	Balance on 31.12.2019	Balance on 31.12.2020
1	Commercial receivables – including affiliated entities / other involved parties	0	0
2	Commercial receivables – third parties	8.940.619	1.109.344
	Total commercial receivables	8.940.619	1.109.344
3	Commercial receivables provisions	(704)	
4	Net commercial receivables	8.939.915	1.109.344
5	Other receivables	1.829.377	1.017.461
6	Other receivables provisions	(1.222)	(1.222)
7	Net other receivables	1.828.155	1.016.239
8	Total commercial receivables and other receivables	10.768.070	2.125.583

Other receivables includes mainly: VAT to be recovered from the state budget 725.983 lei (asked and agreed to be compensated with state payables), VAT under settlement 31.450 lei, sundry debtors, etc. For the debtors with a questionable collection, provisions of 1.222 lei have been registered.

3. COMPANY'S DEBT REPORTS

On 31.12.2020 the company has registered the following debts (lei)

	Debts	Balance on 31.12.2019	Balance on 31.12.2020	Maturity of the balance on 31.12.2020	
				Sub 1 an	Peste 1 an
1	Debenture loans	0	0	0	0
2	Amounts owed to credit institutions	54.726.466	61.432.446	33.138.385	28.294.061
3	Advances cashed for orders	16.026.367	6.986.029	6.986.029	0
4	Commercial debts – suppliers, affiliated entities and other involved parties	0	0	0	0
5	Commercial debts – third parties suppliers	3.728.182	4.254.603	4.254.603	0
6	Commercial effects to be paid	0	0	0	0
7	Amounts owed to affiliated entities	0	0	0	0
8	Debts to the state budget	1.015.111	1.117.123	1.117.123	0
9	Other debts	1.620.937	1.057.860	892.359	165.501
10	Total	77.117.063	74.848.061	46.388.499	28.459.562

- 82% sunt are current banks loans. Out of these 1.547 k. lei are current activity credit line and 29.303 k. lei are production loans contracted for the signed commercial contracts; 30.558 k. lei represents a long term credit used to upgrade and modernize the company's production capacity;
- 9% are current receivables cashed as advances from clients (crediting clients), temporary registered in debts until the delivery of the ships;
- 6% are debts to suppliers;
- 2% are current debts towards the state budget;
- 1% are current debts (salaries, wage withholdings, etc).

According to their maturity, the debts are 62% – less than 1 year and 38% – over 1 year.

Short-term debts have as a source of repayment the proceeds from the sale of delivered ships, and long-term loans have as source the payment of future estimated profits based on portfolios of contracts appropriate to cost dynamics.

4. PROFIT AND LOSS ACCOUNT REPORT

	Indicators name	Financial year		
		2019	2020	2020/2019(%)
1	OPERATING INCOME	88.372.348	91.631.089	104%
2	OPERATING EXPENSES, out of which:	81.430.557	87.269.371	107%
	a) Raw materials, consumables and other materials expenses	38.894.775	37.339.902	96%
	b) External expenses (with electricity and water)	1.764.132	1.924.876	109%
	c) Merchandise expenses	550.896	89.960	16%
	d) Personnel expenses	26.690.527	27.376.008	103%
	e) Adjusted value regarding tangible and intangible assets	2.175.847	3.033.355	139%
	f) Adjusted value regarding current assets	723	427	
	g) External services expenses	9.862.387	16.048.580	163%
	h) Expenses regarding other income taxes, taxes and related payments	837.598	1.076.503	129%
	i) Other expenses	655.055	381.242	58%
	j) Adjusted value regarding provisions			

3	OPERATING PROFIT	6.941.791	4.361.718	63%
4	FINANCIAL INCOME	1.210.888	571.088	47%
5	FINANCIAL EXPENSES	4.059.985	4.055.851	100%
6	LOSS	(2.849.097)	(3.484.763)	122%
7	Income tax	195.926	323.475	165%
8	NET PROFIT	3.896.768	553.480	14%

Total operating income in 2019 amounting to 91.631 k. lei have increased by 4% compared to the ones realized in 2019. During the same period, the operating expenses were in amount of 87.269 k. lei, increasing by 7% compared to 2019. Among the operating expenses are:

- a) The increase by 39% (2020: 3.033 k .lei, 2019: 2.176 k. lei) of the depreciation of fixed assets determined by the investments put into operation;
- b) The increase by 63% (2020: 16.048 k. lei, 2019: 9.862 k. lei) of external services, mainly caused by the need to outsource due to the lack of qualified human resources of current production, CTC, and engineering activities;
- c) The increase by 29% of local and environmental taxes and duties.

Financial income, mostly due to positive foreign exchange rate differences, have decreased by 640 k. lei in 2020 compared to 2019, from 1.211 k. lei up to 571 k. lei, caused, on one hand, by the eur/ron exchange rate evolution and on the other hand, by the specificity of long term production, partially financed by advances from clients.

Financial expenses, in the amount of 4.056 k. lei au remained relatively constant compared to 2019, the evolution being dependent on the bank debt balance. In 2019 they included exchange rate expences in value of 2.000 k. lei and 2.056 mii.lei expenses with banking interests.

The Board of Directors submits to the approval of the General Shareholders' Meeting the following distribution of net profit:

- 43.848 lei for legal reserve;
- 509.632 lei reserves from reinvested profit in 2020, in accordance with Law 227/2015, art.22 (Fiscal Code);

5. CAPITAL REPORT

	INDICATORS	31.12.2019	31.12.2020
1	TOTAL CAPITALS, out of which	97.794.895	98.228.375
2	Subscribed and paid share capital	12.603.865	12.603.865
3	Reevaluation reserves	75.415.923	74.545.034
4	Legal reserves	1.884.349	1.928.197
5	Other reserves	12.505.993	12.505.993
6	Retained earnings – loss from previous years	(23.921.855)	(24.041.855)
7	Retained earning – accounting errors correction	1.785.160	1.785.160
8	Retained earnings – reevaluation reserves	12.000.973	12.871.862
9	Current profit	3.896.768	553.480

Shareholders' equity have increased by 433 k. lei compared to the previous period, from 97.795 k. lei to 98.228 k. lei.

Retained earnings mostly includes the losses registered during 2007-2008 and unrecovered until 31.12.2020:

- Loss generated during 2007 financial year: 5.972.707 lei.
- Loss generated during 2008 financial year: 17.949.148 lei.

6. MAIN ECONOMIC-FINANCIAL INDICATORS

	Year 2019	Year 2020
1. Liquidity indicators		
Quick ratio indicator	0.98	0.93
Immediately liquidity indicator	0.40	0.14
2. Risc indicators		
Indebtedness ratio	45%	43%
3. Activity indicators		
Clients turnover ratio	47	18
Suppliers turnover ratio	12	16
Non current assets turnover ratio	0.75	0.69
Assets turnover ratio	0.48	0.52

Quick ratio has declined, registering an 5% decrease from 0,98 to 0,93, current assets evolving below debts, influenced by the allocated resources to the development production capacity investments.

Immediately liquidity has registered a decrease from 0.40 to 0.14 determined by the work in progress stock to be delivered in 2021.

Indebtedness ratio has decreased from 45% in 2019 to 43% in 2020, effect of the increase of the company's patrimony as a result of the investments put into operation. The surplus of patrimony created by investment is estimated to be used in the future in increasing revenues and maintaining an efficiency ratio compared to expenses.

VII. THE CORPORATE MANAGEMENT

VII.1. Prevederi generale

(1) The corporate governance system of SEVERNAV SA includes the set of rules set out in the Articles of Incorporation and other internal regulations, by which the management and control of SEVERNAV SA activity is regulated.

(2) The corporate governance system of SEVERNAV SA aims at achieving the following general objectives:

- a) Respecting the rights and legitimate interests of shareholders;
- b) Fair, equal and just treatment of shareholders;
- c) Respecting the rights and legitimate interests of interest holders;
- d) Defining clear rolls, skills and responsibilities for the Board of Directors and executive management;
- e) Integrity, ethical behaviour and professional competence of the management team and employees of SEVERNAV SA;
- f) Activity transparrance and correct presentation of future results and prospects of SEVERNAV SA;
- g) Sustainable development of SEVERNAV SA.
- h) Implementation and application of the Corporate Governance Code of the Bucharest Stock Exchange

VII.2. Company leadership

1. The General Meeting of Shareholders may be Ordinary or Extraordinary. The powers and conditions of the meeting of general meetings are presented in the Articles of Incorporation of Severnav SA, in the contents of Chapter V, Articles 12 – 22.

The general powers of the general meetings are those stipulated by the Law no. 31/1990 of the Commercial Companies. The specific competences and limits agreed by the shareholders of Severnav SA are represented by the AGEA Agreement for the approval of credit ceilings exceeding EUR 10 million ad by a 2/3 of the voting rights presented and represented at AGEA for the change of the main object of activity, changing the value of the share capital, changing the legal form, merging, dividing or voluntary liquidation of the company.

2. The Board of Directors of Severnav SA consists of 5 members, 4 non-executive members and the President of the Board of Directors holds also the General Director position. Members of the Board of Directors are elected for a term of office of 4 years.

The powers of the Board of Directors are contained in the Articles of Incorporation at Chapter VI, Articles 24-28.

During financial year 2020, the Board of Directors of Severnav SA met in a number of 7 sessions.

VII.3. Corporate Governance Code of Bucharest Stock Exchange

Severnav SA adhered to the Corporate Governance Code of Bucharest Stock Exchange in 2016. The code represents a set of rules recommended to issuers whose shares are traded on the AeRO Market of Bucharest Stock Exchange, governed by the „Apply or Explain” principle, which obliges the company to give explanations when it is considered that a rule is not appropriate or necessary.

From the provisions of Section A – Board of Directors’ Responsibilities and B – Internal Control System, Severnav SA fulfills all the requirements of the Code.

Related to Section C, Severnav SA did not publish the remuneration of the Board of Directors’ Members and General Director, given that they are established by the Ordinary General Meeting of Shareholders and any financial bonuses are approved in the same forum.

Related to Section D of the Corporate Governance Code of Bucharest Stock Exchange, the company did not publish materials of continuous information in English language, as no interest of foreign investors in the company’s share was determined. The company owns an English website. The company website contains the provisions of paragraphs D.1.1. - D.1.7 of the code.

The General Meeting did not implement a dividends policy, because the company did not complete the process of building and renewing its production capacities. The eventual allocation of dividends will be proposed by the Board of Directors and approved by the AGOA, but, at this moment, it is not intended to develop a specific policy.

Related to the forecasting policy specified in paragraph D.3 of the Code, Severnav SA did not elaborate such a policy, which is difficult to achieve in the context of the specific activity of building medium-sized ships, where the construction of one landmark takes a long period – several months or years.

Severnav SA meets the provisions of paragraph D.4 of the Code and strives to attract as many shareholders as possible to the General Meetings.

The company is not currently targeting the publication of materials in English language and meetings with the financial analysts, as no significant interest of foreign or institutional investors in the acquisition of financial instruments has been identified so far.

VIII. COMPANY MODIFICATIONS

The balance sheet and the profit and loss account have been completed on the basis of the 31 December 2020 trial balance, and the compulsorily registers and journals are operated to the current day.

The Company’s accounting evidence is kept according to:

- Accounting Law 82/1991 (republished)
- Accounting regulations complying with the 4th Directive of the Economic European Community and International Accounting Standards
- The Finance Ministry Order 1802/2014 concerning the approval of accounting regulations complying with the European directives.

President of the Board of Directors,

Tirlea Victor





SC SEVERNAV SA

Tel./Fax: 004-052-308-000/314-675;

S.C. SEVERNAV SA Adimistrators' Statement

The administrators of SC Severnav SA hereby acknowledge that they take full responsibility regarding the completion of the Annual Financial Reports of the company at 31 December 2020.

Severnav's administrators confirm the following information concerning the Annual Financial Reports at 31 December 2020:

- a) The Annual Financial Reports are completed in accordance with the accounting procedures agreed by the Economic European Community Directive;
- b) The accounting policies used to complete the Annual Financial Reports are complying with the accounting rules applied by OMFP 1802/2014;
- c) The Annual Financial Reports offer a correct and real image of the assets, liabilities, financial position, profit and loss account and the other information regarding the day to day activity;
- d) The Board of Director's Report consists in a correct analysis of the development and performance of the company, as well as in a description of the main risks and weak points of the current activity;
- e) The company works under continuity conditions.

The present declaration is in accordance with the provisions of art. 30 from the Accounting Law no. 82/1991 republished.

*President of the Board of Directors,
Tirlea Victor*



COUNTY: MEHEDINTI	PROPERTY FORM: 34
LEGAL ENTITY: S.C. SEVERNAV S.A.	PREDOMINANT ACTIVITY
ADDRESS: DROBETA TURNU SEVERIN	(CAEN group): shipbuilding
Calea Timisoarei no. 204	
TELEPHONE: 0252 / 308000	CAEN GROUP CODE: 3011
COMMERCIAL REGISTER NO.: J/25/003/1990	FISCAL CODE: 1606030

**BALANCE SHEET on
31 December 2020**

	Name	No. rd.	Balance at		
			01 January 2019	31 December 2019	31 December 2020
A		B	2	3	3
A.	NON CURRENT ASSETS				
	I. INTANGIBLE ASSETS				
	1. Setting up costs	1			
	2. Development costs	2	145.950	92.733	81.930
	3. Concessions, patents, licences, trademarks and similar rights and assets and other intangible assets	3		1.856.060	1.978.765
	4. Goodwill	4			
	5. Advances and intangible assets in progress	5		163.488	79.340
	TOTAL (rd. 01 la 05)	6	145.950	2.112.281	2.140.035
	II. TANGIBLE ASSETS				
	1. Lands and buildings	7	85.728.954	86.689.891	97.117.284
	2. Plant and machinery	8	4.532.339	11.498.412	31.666.365
	3. Other plant and machinery and fixtures and fittings	9	95.104	481.285	364.934
	4. Tangible assets in progress	10	602.898	10.086.776	1.688.928
	5. Advances and tangible assets in progress	11	224.465	6.627.587	
	TOTAL (rd. 07 la 12)	12	91.183.760	115.383.951	130.837.511
	III. FINANCIAL ASSETS				
	1. Investments in related parties	13			
	2. Loans to related parties	14			
	3. Investments in associates	15			
	4. Loans to parties related by participation interests	16			
	5. Investments owned as assets	17			
	6. Other loans	18	9.153	8.000	0.00
	TOTAL (rd. 13 la 18)	19	9.153	8.000	0.00
	NON CURRENT ASSETS – TOTAL	20	91.338.863	117.504.232	132.977.546
B.	CURRENT ASSETS				
	I. STOCKS				
	1. Raw materials and consumables	21	17.965.467	19.316.022	11.742.246
	2. Work in progress	22	18.060.998	19.598.973	22.694.438
	3. Finished goods and merchandise	23			
	4. Advances for stock purchasing	24	959.289	899.164	431.054
	TOTAL (rd. 21 la 24)	25	36.985.754	39.814.159	34.867.738
	II. RECEIVABLES				
	1. Commercial receivables	26	13.790.682	8.939.915	1.109.344
	2. Receivables from related parties	27			
	3. Receivables from parties related by participation interests	28			
	4. Other receivables	29	1.020.399	1.828.155	1.016.239
	5. Subscribed and not paid in share capital	30			
	TOTAL (rd. 26 la 30)	31	14.811.081	10.768.070	2.125.583

SEVERNAV SA
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
at 31 December 2020
(all the values are in lei ("RON"), unless otherwise specified)

	III. SHORT TERM INVESTMENTS				
	1. Shares in related parties	32			
	2. Other short term investments	33			
	TOTAL (rd. 32 la 33)	34			
	IV. PETTY CASH AND BANK ACCOUNTS	35	17.251.463	12.970.726	4.217.348
	CURRENT ASSETS (rd. 25 + 31 + 34 + 35)	36	69.048.298	63.552.955	41.210.669
C.	ACCRUED EXPENSES	37	57.133		51.129
D.	DEBTS: AMOUNTS TO BE PAID WITHIN ONE YEAR				
	1. Debenture loans, separate position for loans for convertible bond issue	38			
	2. Amounts owed to credit institutions	39	40.254.776	37.612.669	33.138.385
	3. Advances cashed for orders	40	9.548.364	16.026.367	6.986.029
	4. Commercial debts – suppliers	41	1.695.877	3.728.182	4.254.603
	5. Bills of exchange payable	42			
	6. Amounts owed to related parties	43			
	7. Amounts owed to parties related by participation interests	44			
	8. Other debts, including fiscal and social security debts	45	2.179.712	2.190.576	2.009.482
	TOTAL (rd. 38 la 45)	46	53.678.729	59.557.794	46.388.499
E.	NET CURRENT ASSETS / NET CURRENT DEBTS (rd. 36 + 37 - 46 - 64)	47	4.523.712	(986.353)	(5.150.674)
F.	TOTAL ASSETS MINUS CURRENT DEBTS (rd. 20 + 47)	48	95.862.575	116.517.879	127.826.872
G.	DEBTS: AMOUNTS TO BE PAID IN MORE THAN A YEAR				
	1. Debenture loans, separate position for loans for convertible bond issue	49			
	2. Amounts owed to credit institutions	50		17.113.797	28.294.061
	3. Advances cashed for orders	51			
	4. Commercial debts – suppliers	52			
	5. Bills of exchange payable	53			
	6. Amounts owed to related parties	54			
	7. Amounts owed to parties related by participation interests	55			
	8. Other debts, including fiscal and social security debts	56	737.187	445.472	165.501
	TOTAL (rd. 49 la 56)	57	737.187	17.559.269	28.459.562
H.	PROVISIONS				
	1. Provisions for employees benefits	58	0	0	0
	2. Provisions for taxes	59	0	0	0
	3. Other provisions	60	0	0	0
	TOTAL (rd. 58 la 60)	61	0	0	0
I.	DEFERRED INCOME				
	1. Investment subsidies	62	1.203.460	1.163.715	1.138.935
	2. Deffered income - total (rd. 64 + 65), din care:	63	10.902.990	4.981.514	23.973
	Amounts to be recalculated within one year	64			

Notes from 1 to 10 are integral part of financial reports.

SEVERNAV SA
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
at 31 December 2020
(all the values are in lei ("RON"), unless otherwise specified)

	Amounts to be recalculated over a period of time longer than one year	65			
	TOTAL (rd. 62 + 63)	66	12.106.450	6.145.229	1.162.908
J.	CAPITAL AND RESERVES				
	I. CAPITAL				
	1. Subscribed and paid in share capital	67	12.603.865	12.603.865	12.603.865
	2. Subscribed and not paid in share capital	68			
	3. Patrimony (autonomous companies)	69			
	TOTAL (rd. 67 la 69)	70	12.603.865	12.603.865	12.603.865
	II. PREMIUM RELATED TO CAPITAL	71			
	III. REEVALUATION RESERVES	72	76.321.563	75.415.923	74.545.034
	IV. RESERVES				
	1. Legal reserves	73	1.689.510	1.884.349	1.928.197
	2. Statutory or contractual capital reserve	74	1.818.558	5.520.487	6.030.119
	3. Reserves representing the reevaluation reserve surplus	75			
	4. Other reserves	76	12.281.705	12.505.993	12.505.993
	TOTAL (rd. 73 la 76)	77	15.789.773	19.910.829	20.464.309
	Own shares	78			
	Earnings related to equities	79			
	Losses related to equities	80			
	V. RETAINED PROFIT OR LOSS	81			
		82	11.017.561	10.135.722	9.384.833
	VI. CURRENT PROFIT OR LOSS	83	1.745.009	3.896.768	553.480
		84			
	Profit appropriation	85	1.520.721	3.896.768	553.480
	SHAREHOLDERS' EQUITY – TOTAL (rd. 70+71+72+77-78+79-80+81-82+83-84-85)	86	93.921.928	97.794.895	98.228.375
	Public patrimony	87			
	CAPITAL - TOTAL (rd. 86 + 87)	88	93.921.928	97.794.895	98.228.375

General Director,
TIRLEA VICTOR

Signature
 Company's stamp



Issued,
BORINTIS GRIGORE
 Financial Director

Signature
 Registry number

SEVERNAV SA
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
at 31 December 2020
(all the values are in lei ("RON"), unless otherwise specified)

PROFIT AND LOSS ACCOUNT on 31.12.2020

	Name		No.	Fiscal Year	
				Concluded on 31.12.2019	Concluded on 31.12.2020
			rd.		
A			B	2	2
1	Cifra de afaceri neta (rd. 02 +03-04+ 05+06)		1	84.168.126	82.982.650
	Sold production		2	83.609.424	82.889.728
	Income out sold merchandise		3	558.702	92.922
	Given commercial discounts		4		
	Income from interests collected by no longer existing entities that still have leasing contracts in progress		5		
	Income from operating grants for the net turnover		6		
2	Income from in progress production costs	Sold C	7	2.086.283	3.090.315
		Sold D	8	0	0
3	Capitalised company production for its own purposes		9	1.315.587	5.161.724
4	Income from operating subsidies		10	718.339	334.413
5	Oter operating income		11	84.013	61.987
	OPERATING INCOME - TOTAL		12	88.372.348	91.631.089
	(rd. 01 + 07 - 08 + 09 +10+ 11)				
6	a) Raw materials and consumables expenses		13	37.759.658	35.684.046
	Other materials expenses		14	1.135.117	1.655.856
	b) Other external expenses (electricity and water)		15	1.764.132	1.924.876
	c) Merchandise expenses		16	550.896	89.960
	Received commercial discounts		17	1.383	1.482
7	Personnel expenses (rd. 18+19), out of which:		18	26.690.527	27.376.008
	a) Salaries and wages		19	25.786.219	26.506.030
	b) Social security and insurance expenses		20	904.308	869.978
8	a) Adjusted values concerning to tangible and non-tangible assets (rd. 22 - 23)		21	2.175.847	3.033.355
	a.1) Expenses		22	2.175.847	3.033.355
	a.2) Income		23		
	b) Adjusted values concerning current assets (rd. 25 - 26)		24	723	427
	b.1) Expenses		25	1.157	1.131
	b.2) Income		26	434	704
9	Other operating expenses (rd. 28 la 31)		27	11.355.040	17.506.325
	8.1. Expenses concerning third parties services		28	9.862.387	16.048.580
	8.2. Expenses with other income taxes, taxes and similar payments		29	837.598	1.076.503
	8.3. Environment protection expenses			142.524	148.014
	8.34. Other expenses		30	512.531	233.228
	Expenses with interests collected by no longer existing entities that still have leasing contracts in progress		31		

Notes from 1 to 10 are integral part of financial reports.

SEVERNAV SA
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
at 31 December 2020
(all the values are in lei ("RON"), unless otherwise specified)

	Adjustments regarding provisions (rd. 33 - 34)		32		
	- Expenses		33		
	- Income		34		
	OPERATING EXPENSES - TOTAL		35	81.430.557	87.269.371
	(rd. 13 la 16 -17+18 + 21 + 24 + 27+32)				
10	OPERATING PROFIT OR LOSS				
	- Profit (rd. 12 - 35)		36	6.941.791	4.361.718
	- Loss (rd. 35 - 12)		37		
11	Income from participating interests		38		
	- out of which income from affiliated entities		39		
12	Income from other investments and loans part of fixed assets		40		
	- out of which income from affiliated entities		41		
13	Income from interests		42		
	- out of which income from affiliated entities		43		
	Other financial income		44	1.210.888	571.088
	FINANCIAL INCOME - TOTAL (rd. 38 + 40 + 42 + 44)		45	1.210.888	571.088
14	Adjusted values concerning financial assets and investments owned as current assets (rd. 47 - 48)		46		
	- Expenses		47		
	- Income		48		
15	Expenses with interests		49	1.721.461	2.055.877
	- out of which, expenses in relation with affiliated entities		50		
	Other financial expenses		51	2.338.524	1.999.974
	FINANCIAL EXPENSES - TOTAL (rd. 46 + 49 + 51)		52	4.059.985	4.055.851
	FINANCIAL PROFIT OR LOSS:				
	- Profit (rd. 45 - 52)		53		
	- Loss (rd. 52 - 45)		54	2.849.097	3.484.763
16	CURRENT PROFIT OR LOSS:				
	- Profit (rd. 12 + 45 - 35 - 52)		55		
	- Loss (rd. 35 + 52 - 12 - 45)		56		
17	Extraordinary income		57		
18	Extraordinary expenses		58		
19	EXTRAORDINARY ACTIVITY PROFIT OR LOSS:				
	- Profit (rd. 57 - 58)		59		
	- Loss (rd. 58 - 57)		60		
	TOTAL INCOME (rd. 12 + 45 + 57)		61	89.583.236	92.202.177
	TOTAL EXPENSES (rd. 35 + 52 + 58)		62	85.490.542	91.325.222
	GROSS PROFIT OR LOSS:				
	- Profit (rd. 61 - 62)		63	4.092.694	876.955
	- Loss (rd. 62 - 61)		64		

Notes from 1 to 10 are integral part of financial reports.

SEVERNAV SA
BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
at 31 December 2020

(all the values are in lei ("RON"), unless otherwise specified)

20	Income tax		65	195.926	323.475
21	Other taxes not mentioned to the a/m items		66		
22	NET FISCAL YEAR PROFIT OR LOSS				
	- Profit (rd. 63 - 65 - 66)		67	3.896.768	553.480
	- Loss (rd. 64 + 65 + 66);(rd. 65 + 66 - 63)		68		

General Director
TIRLEA VICTOR

Signature
 Company's stamp



Issued,
BORINTIS GRIGORE
 Financial Director

Signature
 Registry number

SEVERNNAV SA
MODIFICATIONS OF SHAREHOLDERS' EQUITY REPORT
for financial year concluded at 31 December 2020
(all the values are in lei ("RON")), unless otherwise specified)

2020

Name	Balance at the beginning of the fiscal year	Increases		Total, out of which:	Decreases		Balance at the end of the fiscal year
		Total, out of which:	Through transfer		Total, out of which:	Through transfer	
Subscribed share capital	12.603.865	-	-	-	-	-	12.603.865
Patrimony	-	-	-	-	-	-	-
Premium related to capital	-	-	-	-	-	-	-
Reevaluation reserves	75.415.923	-	-	870.889	870.889	-	74.545.034
Legal reserves	1.884.349	43.848	43.848	-	-	-	1.928.197
Reserves from reinvested profit	5.520.487	509.632	509.632	-	-	-	6.030.119
Reserves representing the reevaluation reserve surplus	-	-	-	-	-	-	-
Other reserves	12.505.993	-	-	-	-	-	12.505.993
Own shares	-	-	-	-	-	-	-
Earnings related to equities	-	-	-	-	-	-	-
Losses related to equities	-	-	-	-	-	-	-
Retained earning representing the unappropriated profit or the not covered loss	-	-	-	-	-	-	-
Sold C	-	-	-	-	-	-	-
Sold D	23.921.855	120.000	120.000	-	-	-	24.041.855
Sold C	1.785.159	-	-	-	-	-	1.785.159
Sold D	-	-	-	-	-	-	-
Sold C	12.000.973	870.889	870.889	-	-	-	12.871.862
Sold D	-	-	-	-	-	-	-
Retained earnings from reevaluation reserves	-	-	-	-	-	-	-
Retained earnings from transitioning to applying accounting rules according to the European Economic Communities Directives	-	-	-	-	-	-	-
Profit or loss of the financial year	3.896.768	553.480	553.480	3.896.768	3.896.768	-	553.480
Retained earnings	3.896.768	553.480	553.480	3.896.768	3.896.768	-	553.480
Total shareholders' equity	97.794.895	1.304.369	1.304.369	870.889	870.889	-	98.228.375

General Director,
TIRLEA VICTOR
(Signature)
Company's stamp



Issued,
BORINTIS GRIGORE
Financial Director
Registry number
(Signature)

SEVERNNAV SA
MODIFICATIONS OF SHAREHOLDERS' EQUITY REPORT
for financial year concluded at 31 December 2020
(all the values are in lei ("RON"), unless otherwise specified)

2019

Name	Balance at the beginning of the fiscal year	Increases		Through transfer	Decreases		Sold la sfarsitul exercitiului financiar
		Total, out of which:	Through transfer		Total, out of which:	Through transfer	
Subscribed share capital	12.603.865	-	-	-	-	-	12.603.865
Patrimony	-	-	-	-	-	-	-
Premium related to capital	-	-	-	-	-	-	-
Reevaluation reserves	76.321.563	-	-	905.640	-	-	75.415.923
Legal reserves	1.689.510	194.839	-	-	-	-	1.884.349
Reserves from reinvested profit	1.818.558	3.701.929	-	-	-	-	5.520.487
Reserves representing the reevaluation reserve surplus	0	-	-	-	-	-	0
Other reserves	12.281.705	224.288	-	-	-	-	12.505.993
Own shares	-	-	-	-	-	-	-
Earnings related to equities	-	-	-	-	-	-	-
Losses related to equities	-	-	-	-	-	-	-
Retained earning representing the unappropriated profit or the not covered loss	-	-	-	-	-	-	-
	Sold C	-	-	-	-	-	-
	Sold D	23.921.855	-	-	-	-	23.921.855
	Sold C	1.808.961	-	-	23.801	-	1.785.159
	Sold D	-	-	-	-	-	-
Retained earning from correcting accounting errors	-	-	-	-	-	-	-
	Sold C	11.095.333	906.976	906.976	1.336	1.336	12.000.973
	Sold D	-	-	-	-	-	-
Retained earnings from reevaluation reserves	-	-	-	-	-	-	-
Retained earnings from transitioning to applying accounting rules according to the European Economic Communities Directives	-	-	-	-	-	-	-
Profit or loss of the financial year	1.745.009	3.896.768	-	-	1.745.009	1.745.009	3.896.768
Retained earnings	1.520.721	3.896.768	-	-	1.520.721	1.520.721	3.896.768
Total shareholders' equity	93.921.928	5.028.032	906.976	1.155.065	1.155.065	1.155.065	97.794.895



General Director,
TIRLEA VICTOR

Signature

Issued,
BORINTIS GRIGORE
Financial Director

Signature

Company's stamp

Registry number

CASH FLOW REPORT

for financial year concluded at 31 December 2019

(all the values are in lei ("RON"), unless otherwise specified)

Nota:

During 2020 shareholders' equity has increased by 433.480 lei compared to 2019.

On 31.12.2020 2019 the capital of SC Severnav SA has the following structure:

- Subscribed and paid share capital 12.603.865 lei,
- Reevaluation reserves 74.545.034 lei,
- Legal reserves from previous years' profit 1.928.197 lei,
- Other reserves 12.505.993 lei, consisting mainly from premium subscribed for the increase of share capital 2004 in amount of 6.288.767 lei, retained profit of 2017 in amount of 5.992.938 lei and retained profit of 2018 in amount of 224.288 lei.
- Retained reevaluation reserves from sales/cashings/depreciation fiscally non-deductable in amount of 12.871.862 lei, from previous years including 2020,
- Net profit of fiscal year 2020 in amount of 553.480 lei,
- Retained earnings includes and is largely influenced by the losses registered in 2007 – 2008, unrecovered up to 31.12.2020:
 - ✓ Loss from fiscal year 2007: 5.972.707 lei.
 - ✓ Loss from fiscal year 2008: 17.949.148 lei.
- Profit (+) from retained corrections of accounting errors in amount of 1.785.159 lei, from previous years

The final balance of shareholder's equity on 31.12.2020 was 98.228.375 lei.

SEVERNAV SA

CASH FLOW REPORT

for financial year concluded at 31 December 2019

(all the values are in lei ("RON"), unless otherwise specified)

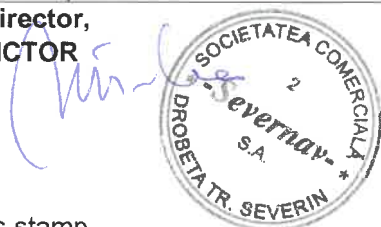
The indirect method

Name	Fiscal Year	
	Previous	Current
A	1	2
Cash flows from operating activities:		
Net profit before tax and extraordinary elements	4.092.694	876.955
Adjustments for:		
Amortization and depreciation for tangible assets	2.130.468	3.033.355
Amortization and depreciation for intangible assets	45.336	0
Provisions for depreciation of reversed/canceled assets	0	0
Movements of provisions for current assets, net	723	427
Movements of other provisions, net	0	0
Interest expenses	0	0
Interest income	0	0
Loss / (profit) from assets' sale (non current assets)	0	9.354
Retained earnings corrections	0	0
Exchange rate differences from receivables and debts reevaluation	0	0
Paid income tax	195.926	323.475
Operating profit before changes in the working capital	6.465.147	4.243.566
Decrease / (Increase) of commercial receivables and of other nature	4.043.011	8.642.487
Decrease / (Increase) of other receivables and advance expenses	0	0
Decrease / (Increase) of stocks	-2.828.405	4.946.421
(Decrease) / Increase of commercial debts and of other nature	9.213.025	-13.169.295
Income from grants	718.339	334.413
Paid interests	0	
Cash generated by the operating activity	17.611.117	4.997.592
Cash flows from investments activities:		
Payments for purchasing of tangible and non tangible assets	-29.045.695	-17.833.362
Cashing from the sale of tangible and non tangible assets	0	0
Cashed interests	0	0
Net cash flow from investments activities	-29.045.695	-17.833.362
Cash flows from financing activities:		
Loans	70.829.537	49.931.486
Loan repayments	-57.098.089	-43.160.093
Paid dividends	0	0
Payment of financial leasing contract debts	-575.409	-613.714
Paid interests	-1.721.461	-2.075.287
Net cash flow from financing activities	11.434.578	4.082.392
Net decrease of cash flow and equivalents	-4.280.737	-8.753.378
Cash flow and equivalents at the beginning of the fiscal year	17.251.463	12.970.726
Cash flow and equivalents at the end of the fiscal year	12.970.726	4.217.348

General Director,
TIRLEA VICTOR

Signature

Company's stamp

Issued,
BORINTIS GRIGORE
Financial Director

Signature

Registry number
/ Registry number

SEVERNVA SA
NOTES TO INDIVIDUAL FINANCIAL REPORTS
for the fiscal year concluded at 31 December 2020
(all the values are in lei ("RON")), unless otherwise specified)

NOTE 1: NON CURRENT ASSETS

2020

Non current asset name	Gross value				Value adjustments (amortization and adjustments for depreciation or loss of value)			
	Balance on 01.01.2020	Increases	Concessions, transfers and other discounts	Balance on 31.12.2020	Balance on 01.01.2020	Current fiscal year adjustments	Discounts	Balance on 31.12.2020
	1	2	3	4 = 1 + 2 - 3	5	6	7	8 = 5 + 6 - 7
a) Intangible asstes	0							
Setting-up and development expenses, patents, concessions, commercial resources	108.039	-	-	108.039	15.305	10.804	-	26.109
Other intangible assets	2.356.428	259.088		2.615.516	500.369	136.383		636.751
Advances and intangible assets in progress	163.487	0	84.147	79.340				
Total intangible assets	2.627.954	259.088	84.147	2.802.895	515.673	147.187		662.860
b) Tangible assets								
Lands and land development	60.269.701		40.970	60.228.731				
Buildings	32.463.039	11.554.361	26.650	43.990.750	6.042.848	1.062.958	3.609	7.102.197
Technological equipment and machinery	30.426.945	21.872.690	123.851	52.175.784	18.928.535	1.704.737	123.852	20.509.420
Other tangible assets	708.672	8.361	44.723	672.310	227.386	118.473	38.483	307.376
Advances and tangible assets in progress	16.714.363	25.872.593	40.898.027	1.688.929				
Total tangible asstes	140.582.720	59.308.005	41.134.221	159.756.504	25.198.769	2.886.168	165.944	27.918.993
c) Financial assets								
	8.000		8.000	0.00				
Total	143.218.674	59.567.093	41.226.368	161.559.399	25.714.442	3.033.355	165.944	28.581.853

SEVERNAV SA
NOTES TO INDIVIDUAL FINANCIAL REPORTS
for the fiscal year concluded at 31 December 2020
(all the values are in lei ("RON"), unless otherwise specified)

Non current asset name	Net Accounting Value 1 ianuarie 2020	Net Accounting Value 31 decembrie 2020
	0	
a) Intangible assets		
Setting-up and development expenses, patents, concessions, commercial resources	92.734	81.930
Other intangible assets	1.856.060	1.978.765
Advances and intangible assets in progress	163.487	79.340
Total intangible assets	2.112.281	2.140.035
b) Tangible assets		
Land and land development	60.269.701	60.228.731
Buildings	26.420.190	36.888.553
Technological equipment and machinery	11.498.412	31.666.364
Other tangible assets	481.285	364.934
Tangible assets in progress	10.086.776	1.688.929
Advances	6.627.587	
c) Financial assets	8.000	
Total	117.504.232	132.977.546

NOTA 1: NON CURRENT ASSETS (sequel)**1.a. Intangible assets**

On 31st of December 2020 the intangible assets are represented by licences and specific shipbuilding software in value of 2.610.620 lei, incompletely amortized.

On 31st of December 2020 the company has registered development expenses in value of 108.039 lei.

1.b. Tangible assetsTangible assets reevaluation

All company's lands and buildings have been reevaluated, reevaluation differences have been transferred to account 1052 "Reevaluation differences".

For the new values depreciation has been calculated starting with January 1st of next year.

Starting with the 1st of May 2009 the reevaluation reserve is being taxed as the respective asset depreciates and at the moment of sale/cashing.

The non-current assets are being depreciated by means of the straight-line method. The length of useful life and depreciation ratio used are those required by The Law no. 15/1990 for fixed assets and the Catalogue concerning the clasification and regular life expectancy of fixed assets – aproved by HG no. 2.139/30.11.2004.

1.c. Assets owned in financial leasing or bought on installments

On 31st December 2020, the Company registered as financial leasing fixed assets with an accounting value of 453.872 lei. The assets owned in financial leasing or bought on installments are free of any liens due to leasing or installments debts.

1.d. Encumbered assets / mortgage guarantees

On December 31st 2020 the company had encumbered assets in favour of creditors (financial institutions) part of the company's assets.

Encumbered assets are the following:

Patrimonial guarantees	Guarantee value (EUR)	Explanations regarding the value of the mortgage	Guaranteed amount EUR	What does the guaranteed amount represent	Observations
Mortgage rank I, II, III, IV in Shipbuilding Sector cad. no. 956/1	3.916.350	Report Cebuc Marian Viorel	14,000,000.00 3,700,000.00 6,800,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I, II, III, IV in Outfitting Sector cad. no. 956/2	1.014.000	Report Cebuc Marian Viorel	14,000,000.00 3,700,000.00 6,800,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I, II, III, IV in Outfitting Sector cad. no. 956/5	438.900	Report Cebuc Marian Viorel	14,000,000.00 3,700,000.00 6,800,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I, II, III, IV in Maintenance Sector cad. no. 956/6	807.000	Report Cebuc Marian Viorel	14,000,000.00 3,700,000.00 6,800,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I,II, III in Quai Sector 2 cad. no. 958/3	370.950	Report Cebuc Marian Viorel	3,700,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168

SEVERNAV SA**NOTES TO INDIVIDUAL FINANCIAL REPORTS****for the fiscal year concluded at 31 December 2020***(all the values are in lei ("RON"), unless otherwise specified)*

Mortgage rank I, II, III in Repairing Ship Sector cad. no.958/1	348.075	Report Cebuc Marian Viorel	3,700,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I in AI Constructions cad. no. 958/4	602.025	Report Cebuc Marian Viorel	3,700,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I,II, III in Wood Processing Sector 2 cad. no. 958/5	174.750	Report Cebuc Marian Viorel	3,700,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I, II, III in PAFS Sector cad. no. 53531	524.400	Report Cebuc Marian Viorel	3,700,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I, II, III in Hot Metal Processing Sector cad. no. 56194	219.525	Report Cebuc Marian Viorel	3,700,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I, II, III, IV in Warehouse Sector cad. no. 55145	399.000	Report Cebuc Marian Viorel	14,000,000.00 3,700,000.00 6,800,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I, II in Loading-Unloading Quai Sector cad. no. 956/3	262.650	Report Cebuc Marian Viorel	11,000,000.00 3,700,000.00 6,800,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I, II in Quai Tryals Sector cad. no. 956/4	242.025	Report Cebuc Marian Viorel	14,000,000.00 3,700,000.00 6,800,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I, II in Oxygen Factory Sector cad. no. 956/8	136.350	Report Cebuc Marian Viorel	14,000,000.00 3,700,000.00 6,800,000.00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
Mortgage rank I CTZ	310.100	Report Cebuc Marian Viorel	350.000,00	Current activity guarantee	Commercial Contract 171, 175, 932, 933, 934,167, 168
TOTAL	9.766.100		24.850.000,00		

1.e. Others

The gross accounting value of the tangible assets completely depreciated on 31 decembrie 2020 is 14.596.524 lei (2019: 15.099.334 lei).

Severnav SA put into operation in 2020 investments in value of 33.694.500 lei, out of which new investments 20.613.489 lei and modernization 13.081.011 lei. There are still being implemented (with performance term in 2021) investments value of 1.688.929 lei.

1.f. Financial assets

The company does not own financial assets on 31.12.2020.

NOTES TO INDIVIDUAL FINANCIAL REPORTS**for the fiscal year concluded at 31 December 2020***(all the values are in lei ("RON"), unless otherwise specified)***NOTE 2: PROVISIONS**

Provision name	Balance at the beginning of the fiscal year	Transfer into account	Transfer out of the account	Balance at the end of the fiscal year
0	1	2	3	4 = 1 + 2 - 3
Litigations' provisions	1.222	0	0	1.222
Pensions and collateral obligations provisions	0	0	0	0
Taxes' provisions	0	0	0	0
TOTAL	1.222	0	0	1.222

At the end of 2020 the final balance of provisions is 1.222 lei.

NOTE 3: PROFIT DISTRIBUTION

Profit distribution	Fiscal year concluded on 31.12.2019	Fiscal year concluded on 31.12.2020
Retained earnings at the beginning of the fiscal year...	-23.921.855	-24.041.855
Retained net profit:	3.896.768	553.480
- legal reserve	194.838	43.848
- coverage of the accounting loss	0	0
- dividends	0	0
- others	3.701.929	509.632
Profit carried forward at the end of the fiscal year	0	0

A net profit of 553.480 lei has been achieved and registered in 2020 fully distributed for reserves regarding the reinvested profit, according to the legal provisions.

Retained earnings in value of -24.041.855 lei lei represents un-recovered losses from 2007 and 2008 fiscal years.

NOTE 4: THE ANALISYS OF THE OPERATING EARNINGS

	Previous	Current
1. Net turnover	84,168,126	82,982,650
2. Cost of sold goods and performed services, out of which (3 + 4 + 5)	70,478,133	71,752,143
3. Current activity expenses	56,430,990	60,409,386
4. Auxiliary activity expenses	761,067	897,805
5. Indirect production expenses	13,286,076	10,444,952
6. Gross earnings corresponding to the net turnover (1 - 2)	13,689,993	11,230,507
7. Selling expenses		
8. General and administrative expenses	6,748,202	6,869,493
9. Other operating income		704
10. Operating earnings (6 - 7 - 8 + 9)	6,941,791	4,361,718

The expenses mentioned in note 4 include the following:

- current activity expenses: expenses directly related to the shipbuilding process, raw material and consumables expenses, production personnel expenses, etc;
- auxiliary activity expenses: company's current repair expenses;
- indirect production expenses: indirect personnel and related expenses, maintenance expenses of the building lane, etc;
- general and administrative expenses: general maintenance expenses;
- other operating income: transition of the provisions' reversals.

NOTE 5: RECEIVABLES AND DEBT SITUATION

	Receivables	Balance on 31.12.2019	Balance on 31.12.2020	Liquidity term for the balance on 31.12.2020	
				Less than 1 year	Over 1 year
	Commercial receivables				
1	Commercial receivables – including affiliated entities/other involved parties	0	0	0	0
2	Commercial receivables – third parties	8.940.619	1.109.344	1.109.344	0
3	Total commercial receivables	8.940.619	1.109.344	1.109.344	0
4	Commercial receivables provisions	(704)	0	0	0
5	Commercial receivables, net	8.939.915	1.109.344	1.109.344	0
	Other receivables and debits				
6	Receivables amounts from affiliated entities	0	0	0	0
7	Receivables amounts from entities with investments in associates	0	0	0	0
8	Other receivables	1.829.377	1.017.461	1.017.461	0
9	Other receivables provisions	(1.222)	(1.222)	(1.222)	0
10	Other receivables, net	1.828.155	1.016.239	1.016.239	0
11	Subscribed but not paid share capital	0	0	0	0
12	Total commercial receivables and other receivables	10.768.070	2.125.583	2.125.583	0

For conditions and terms regarding receivables from affiliated entities, see Note 10b.

The company's receivables are based on firm contracts.

In 2020 receivables were evaluated at the estimated fair value to be realized, forming the following depreciations:

- a) For the debtors – former employees, the amount of 1.222 lei representing unrecovered debts.

Other receivables' structure includes mainly: VAT to be recovered from the state budget 725.983 lei (asked and agreed to be compensated with state payables), VAT under settlement 31.450 lei, sundry debtors, etc. For the debtors with a questionable collection, provisions of 1.222 lei have been registered.

The line of other net receivables is detailed in the following table:

Receivables	Balance on 31 December 2019	Balance on 31 December 2020	Maturities		
			Less than 1 year	1 - 5 years	Over 5 years
Sundry debtors	9.117	7.493	7.493	0	0
Receivable tax income	169.529	0	0	0	0
Other receivables regarding the state budget (VAT, medical leaves to be recovered)	1.401.404	889.657	889.657	0	0
Other receivables	249.327	120.311	120.311	0	0
Total other receivables	1.829.377	1.017.461	1.017.461	0	0
Adjusted value for other receivables	(1.222)	(1.222)	(1.222)	0	0
Other receivables, net	1.828.155	1.016.239	1.016.239	0	0

NOTES TO INDIVIDUAL FINANCIAL REPORTS**for the fiscal year concluded at 31 December 2020***(all the values are in lei ("RON"), unless otherwise specified)*

The movements in commercial receivables and other receivables adjustment have been as follows:

	31 December 2019	31 December 2020
On 1st of January	2.360	1.926
Growth during the year	0	0
Summs considered expenses	-	-
Reversals throughout the year	434	704
ON 31st of December	1.926	1.222

At the beginning of the 2020 the balance of receivables depreciation was 1.926 lei, out of which:

- for the customers in process of cashing 704 lei,
- for sundry debtors (former employees) 1.222 lei.

During 2020, in the structure of receivables depreciation, the following changes have occurred:

- for cashed clients a provision of 704 lei has been reversed.

At the end of 2019, the balance of receivables depreciaton in value of 1.222 lei represented:

- debtors – former employees, in amount of 1.222 lei for unrecovered debts.

Debts

	Debts	Balance on 31.12.2019	Balance on 31.12.2020	Maturity term for the balance on 31.12.2020		
				Less than 1 year	1 - 5 years	Over 5 years
1	Debenture loans	0	0	0	0	0
2	Amounts owed to credit institutions	54.726.466	61.432.446	33.138.385	9.054.102	19.239.959
3	Advances cashed for placed orders	16.026.367	6.986.029	6.986.029	0	0
4	Commercial debts – suppliers affiliated entites and others	0	0	0	0	0
5	Commercial debts – third party suppliers	3.728.182	4.254.603	4.254.603	0	0
6=2+3 +4+5	Total commercial debts	74.481.015	72.673.078	44.379.017	9.054.102	19.239.959
7	Bills of exchange payable	0	0	0	0	0
8	Amounts owed to affiliated entites	0	0	0	0	0
9	Amounts owed to parties related by participation interests	0	0	0	0	0
10	Debts towards the state budget	1.015.111	1.117.123	1.117.123	0	0
11	Other debts	1.602.937	1.057.860	892.359	165.501	0
12	Total	77.117.063	74.848.061	46.388.499	9.219.603	19.239.959

- ✓ 82% are current banks loans. Out of these, 1.547 k. lei are current activity credit line and 29.303 k. lei are production loans contracted for the signed commercial contracts and 30.558 k. lei represents a long term credit used to upgrade and modernize the company's production capacity;
- ✓ 9% current receivables cashed as advances from clients (crediting clients), temporary registered in debts until the delivery of the ships;
- ✓ 6% are debts to suppliers;
- ✓ 2% are current debts towards the state budget;
- ✓ 1% are other current debts (salaries, wage withholdings, etc).

According to their maturity, the debts are 62% less than 1 year, 12% over 1 year and 26% over 5 years.

Short-term debts have as a source of repayment the proceeds from the sale of delivered ships, and long-term loans have as source the payment of future estimated profits based on portfolios of contracts appropriate to cost dynamics.

NOTE 6: PRICIPLES, POLICIES AND ACCOUNTING METHODS

A. Basics of preparing financial situations

A.1. General informations

These are Individual Financial Reports of S.C. SEVERNAV S.A. issued according to Public Finance Minister's Order no. 1802/2014 and Accounting Law no. 82/1991 republished.

The Financial Reports refers just to S.C. SEVERNAV S.A.

The company has no other branches so it does not require consolidation.

The accounting records have been written in lei ("RON") at a historical cost, excepting the reports where the just value has been used, in compliance with the accounting policies of the company and OMFP 1802/2014.

Those financial reports are presented in k. lei ("RON"), except the cases when an other currency is not specifically mentioned.

A.2. The use of accounting estimations

The recording of the Company's financial reports in compliance with OMFP 1802/2014, with its further modifications, requires the Company's management to make estimates and assumptions that affect the reported values of income, expences, assets and liabilities, as well as to present the debts and contingent assets at the end of each period. However, the inevitable degree of uncertainty of these estimations and assumptions might result in a future important adjustment of the accounting value of registered assets and liabilities.

A.3. Activity continuity

The Company's activity, the fabrication cycle of a vessel can be between 6-12 months can arise unpredictable variations of future cashflow. The management has looked into the issue of drawing the financial reports on the basis of activity continuity.

On 31st of December 2020 the company has reported net current assets of 127.819.424 lei (31st of December 2019: 116.517.879 lei). For the year concluded on 31st of December 2020, the company has reported an operating profit of 4.361.718 lei (2019: 6.941.791 lei, profit), and a financial loss of 3.484.763 lei (2019: 2.849.097 lei, loss). The financial losses are caused by the foreign currency reevaluation at the exchange rate communicated by the BNR at the end of each period and by the interest paid for the ongoing credit facilities contracted with different banks.

On 31st of December 2020, the company's current debts have exceeded the current assets by 5.150.674 lei (31st of December 2019: current assets exceeded the current debts by 986.353 lei). The company's management is continuously looking into the growth of current assets and diminishing debts, cost reduction and operational efficiency, making fruitful in the medium term the investments put into operation.

In its portfolio, the company has firm concluded contracts, with a cumulative value of 24.075 k. EUR, out of which: 11.955 k. EUR with completion date up to 30.04.2021, 4.545 k. EUR with completion date up to 31.12.2021, 7.575 k. EUR with completion date in 2022. Contracts are being in negotiation status in order to complete the entire capacity of 2021.

The estimates of the management aim that the activity will generate medium term profit. During this period, the company mainly depends on banks' financial support, by means of credit facilities.

Currency exchange

The foreign currency transactions are transformed into lei using the exchange rate valid at the date of the transaction.

Exchange rates used for the conversion of foreign currency balances on 31st of December 2020 have been 1 EUR = 4,8694 RON, respectively 1 USD = 3,9660 RON.

Monetary assets and liabilities expressed in foreign currency (cash and other similar elements, such as bank deposits, receivables and payables in foreign currency) are evaluated and reported using the exchange rate communicated by the National Bank of Romania, valid for the last day of each month of the fiscal year 2020. Foreign exchange differences, positive or negative, between the rate at the date of the recording of the receivables or payables and the rate used for reporting done in previous situations, are being registered as financial income or expenses, as the case may be.

C. Comparative reports

Should the values of the precedent reports not be comparable to those of the current period, the situation is presented and justified in written notice, without modifying the figures of the previous year.

D. Non current assets

Non current assets are assets generating future economic benefits and owned for a period longer than one year. Those assets are initially registered at the purchasing cost / production cost / reevaluated cost and adjusted where necessary.

Intangible assets

D.1. Intangible assets

Software

The cost of purchasing software are capitalized and depreciated by use of linear method.

D.2. Fixed assets

Cost / Evaluation

The initial cost of tangible assets consists of the purchasing price, including all import taxes and unrecovered purchasing taxes and any direct costs generated by the transport and installing the asset. The expenses generated after the fixed asset has been installed, such as repairs, maintenance and administrative costs, are usually registered in the profit and loss account in the period they have occurred. Should it be proven that these expenses resulted in a growth of future expected economical benefits due to using an element of these fixed assets over the initially evaluated performance, the expense is capitalized in the value of the asset.

Fixed assets in progress includes the construction costs, the costs of the tangible assets and any other direct expenses. These do not depreciate until the relevant assets are not finalized and installed. The maintenance and repair costs of the fixed assets are included in the profit and loss account as they appear. The investments in tangible assets are considered a part of assets under the form of future expenses. In order to be capitalized they must lead to improving their initial technical parameters and to obtaining future economical benefits, additional to those initially estimated.

The expenses with the modernization of long term assets taken for rent, are capitalized in the tenant's books and are amortized during the lease, or are considered expenses for that period, depending on the economic benefits that might result out of the modernization. At the lease expiration period, if those assets have been capitalized, they are transferred to the tenant (sold or other way transferred).

In case of the replacement of an asset's spare part, the company recognizes the cost of the partial replacement, the accounting value of the replaced part being removed from the books with its depreciation, should the necessary information be available.

If a tangible asset element is being reevaluated, then all the other assets from its group should be reevaluated, except the case when there is no active market for the respective asset. If the fair value of a

tangible asset can no longer be determined by reference to an active market, the value of the asset in the balance sheet must be the last reevaluated value, minus the cumulated adjustments.

Depreciation

The period of economical use is the period destined for an asset to be used by a company. Depreciation is being calculated using the linear depreciation method for the life expectancy of the assets. Land does not depreciate.

Life expectancy for the main categories of tangible assets are presented in the bellow table:

Type	Years
Buildings	10-50
Production machinery	3-15
Transport vehicles	5-15

Life expectancy and depreciation methods are being periodically revised, so that a correspondence exists between the depreciation method and the estimated of economical benefits of the respective asset.

D.3. Long term selling and leasing of an asset

Long term selling of an asset followed by its lease is differently registered depending on the type of lease contract concluded between the parties:

- for a financial leasing contract there will be no record of the selling of the fixed asset because the respective transaction is not a sale, but a financial transaction. Consequently, the records will mention the financing of the tenant by the locator (ie: the cash inflow and the long term debt)
- for an operational leasing contract, the tenant registers both the sale of the fixed asset to the locator and expence with the monthly leasing installments according to the contract.

E. Depreciation of non current assets

For assets, depreciation means a process of decreasing their value.

The causes of depreciation can be:

- normal and/or anormal wear and tear due to regular and/or intense exploitation of the respective assets;
- deficient maintenance and repair works;
- the appearance of assets with higher technical and technological performance, etc.

F. Stocks

The cost of stocks includes all costs related to purchasing and processing, as well as other costs generated to transport the stocks to their current location and form, such as:

- Raw materials and consumables: the present cost (including unrecovered taxes, minus the transport), updated with the last negotiated price with the suppliers. The respective transport is registered in the account "Price differences related to raw materials".
- Production in progress: the cost of direct consumables and those with workmanship plus maintenance, at the present phase of the product cost.
- Finished products, the cost of direct consumables and those with workmanship plus maintenance, at the present cost. The difference between the sale price and the present cost of production is being registered in the account 348 "Price differences related to finished products".

Starting with the fiscal year 2016 at inventory outflow, the stocks are reevaluated and registered using the FIFO method (first in – first out). The method change for inventory outflow was approved by the Board of Directors by Decision no. 13/21.12.2015.

At the date of the balance sheet, the stocks are evaluated at the smaller value between the cost and the net achievable value. The net achievable value is the sale price estimated to be obtained during the regular activity lane, minus the estimated costs of finishing the good, if any, and the estimated costs for the sale.

Where necessary a provision is made for old stocks, slow movement stocks or stocks with defects.

In progress production is calculated by inventorying the unfinished production at the end of the period, by technical methods of evaluating the degree of completion or the phase of the technological work and evaluating it on the basis of production costs.

The cost of finished goods and in progress production include the production expenses as follows: direct consumables, energy used for technological purposes, direct workmanship and other production direct expenses, such as percentage of indirect production expenses rationally allocated as being connected to their production.

Beginning with January 1st 2011 the accounting register system of income and expenses for ship building has been modified. Severnav started to apply the IAS 15 (IAS 11) stipulations – Building contracts – according to which the income and expenses are registered step by step, accordingly to the stage of the construction..

The application of this approach has the following advantages:

- Allows the inclusion in the financial reports of the turnover, income and expenses, depending on the stage of works, these being recognized in the profit and loss account related to the accounting periods in which the respective activity is referring.
- The proceeds received from the customers are considered income related to the period in which they are collected.

G. Commercial receivables

Commercial receivables are acknowledged and registered at the original value of the invoices, minus the provisions for the uncollectable amounts. The provision is initiated when the company has proof that the receivables will not be cashed at their original maturity. The uncollectable receivables are registered as expenses in the moment they are identified.

H. Cash and cash equivalent

Cash liquidities are formed by cash, bank accounts, short term bank deposits, ceques and bills of exchange registered at cost. In the balance sheet overdrafts are included in the sums owed to credit institutions that need to be repaid in a period shorter than one year.

I. Loans

Short and long term loans are registered at the net received value, not including the costs of obtaining the loans.

The short term part of the long term loans is registered in "Debts: amounts to be paid in a period shorter than one year" and included, together with the preliminary interest at the date of the balance sheet, in "Amounts owed to credit institutions" from current debt.

J. Debts

Commercial obligations are cost registered, representing the future payable value of the obligation for the received goods and services, not depending on whether they have been invoiced to the company or not.

K. Leasing contracts

Financial leasing

The financial leasing contracts that transfer to the Company all risks and benefits of the leasing owned fixed assets are capitalized at the date of leasing commencement at their purchasing value. Leasing payments

are done separately for the interest expense and leasing principal. The interest expense is directly registered in the profit and loss account.

Capitalized assets during a financial leasing contract are amortized on a constant basis, with a regular amortization policy for similar goods.

L. Provisions

Provisions are formed when the company has a current debt (legal or implicit) generated by a previous event. An outflow of resources might be necessary in order to honor the debt and the debt can be estimated correctly.

The company accountingly acknowledges a restructuring provision should the following conditions be cumulatively met:

- a) The Company has an official restructuring plan that mentions the activity or part of the activity referred to, the main locations of the restructuring plan, the approximate number of employees meant to receive compensatory payments for ceasing work, their distribution and jobs, the expenses involved, as well as the date of implementing the restructuring plan;
- b) The Company has generated expectations concerning the restructuring by beginning to implement the respective plan or by announcing its main characteristics to those affected by it.

A provision for the restructuring will include only direct costs generated by the restructuring, more specifically those which – are particularly generated by the restructuring process and are not connected to the company continuing work.

Provisions for taxes are made for the amounts owed to the state budget, considering that the respective amounts are not reflected as a debts towards the state.

Provisions are revised at the date of each balance sheet and adjusted in order to reflect the best current estimation of the management on this matter. In case that for extinguishing a debt there is no estimated outflow of resources, the provision must be canceled and resent to income.

M. Pensions and benefits following hiring

As a current activity, the company pays towards the Romanian state different benefits for its employees. All employees are included in the Romanian state pension programme. The company doesn't run any other pension programme or post-pension benefit plan and, consequently it has no obligation concerning pensions. Moreover, the Company has no obligation to offer further benefits to former or present employees.

Retiring benefits:

According to the Collective Labour Agreement, the company offers employees 1 to 2 salaries depending on the seniority in the company at the time of retirement, as follows:

- for an employee with a work seniority between 1 and 20 years, the company's policy is to offer 1 taxable gross salary;
- for an employee with a work seniority of over 20 years, the company's policy is to offer 2 taxable gross salaries.

The company's policy is to register those amounts when the payable debts is identified.

During 2020 a number of 123 employees have left the company and 104 have been hired. During 2020 there were no collective or individual dismissals.

N. Grants

Grants for assets, including non-monetary subsidies at their fair value, are register as investments grants and in the balance sheet as postponed income. Postponed income is registered in the profit and loss account as the amortization expenses are being registered or at the cassation or sale of the assets.

Income grants include all grants, other than those for assets.

Grants are registered, on a systematic basis, in the same period that the expenses for these respective grants have been registered.

O. Share capital

The share capital made out of common shares is registered at a value established on the basis of the foundation papers plus addendums, from case to case, and of the supporting documents regarding the capital payments.

The earnings or losses in connection with the issue, sale, free of charge concession or annulment of the company's shareholders' equity instruments (shares, bonds...) are directly registered in the account "Profit or loss regarding share capital instruments".

P. Income

Income are registered at the time when all major risks and benefits of owning the assets are transferred to the client. The amounts registered as income do not include sale taxes (VAT), but include given commercial discounts.

Income from services are registered at the time they are performed and corresponding to the execution stage. Interest income are registered periodically, proportionally, as the respective income is being generated, on the basis of accruals.

Royalties are registered on the basis of accruals, according to the contract.

Q. Income taxes and taxes

The company registers taxes on income accordingly to the existing valid Romanian laws at the time of the financial reports. Debts regarding income taxes and taxes are registered during the respective period.

R. Costs of debts

The interest of the borrowed capital for financing the respective purchase, construction or production of long term fabrication cycle assets is capitalized in the production costs.

All other interest expenses are registered in the profit and loss account during the respective period.

S. Accounting errors

Accounting errors can be either from the current fiscal year, either from previous financial years. The correction of errors is done at the date of their discovery.

Errors from previous years are omissions and misstatements of the company's financial records for one or more previous fiscal years, resulting from the mistake of using or not using accurate information which:

- a) were available at the time the respective records have been approved for issuing;
- b) might have been reasonably been obtained and considered when preparing and presenting the annual financial records.

Those errors include the effects of calculation mistakes, misapplying of accounting policies, ignoring or misinterpreting events and frauds.

The correction of current year mistakes is done by usage of the profit and loss account. Correcting major previous years' mistakes is done by usage of Retained earnings.

Minor previous fiscal years errors are also corrected by use of Retained earnings. However, minor errors can also be corrected through the profit and loss account. Minor errors are those that do not influence the accounting and finance information. An error is considered major if it can influence the economic decisions of its users, decisions taken on the basis of the annual financial reports. Deciding whether an error is a minor or major one is done taken into account the nature or the individual or cumulative value of the elements.

The correction of previous fiscal years' errors does not lead to the modification of their financial reports. In this case the correction does not imply the adjustment of the comparative information presented in the financial reports. Comparative information regarding the financial position and performance, respectively the modification of the financial position, are presented in explanatory notes.

The registration of a reversal of an accounting registration of the current fiscal year can be done either by recording it with a minus (red reversal), either by the reverse registration (black reversal), depending on the accounting policy and the software used.

T. Affiliated parties and connected parties

According to OMFP 1802/2014, an entity is affiliated to a company if it is controlled by that company.

Control exists when the mother-company meets one of the following criteria:

- a) It controls the majority of the voting rights over one company;
- b) Is shareholder or associate of a company and the majority of the members of the administrative and surveillance bodies of the respective company, in office during the current or previous fiscal year and up to the moment of completing the annual financial reports, has been appointed exclusively on exercising their right to vote;
- c) Is shareholder or associate of a company and it has control over the majority voting rights of the shareholders or associates, based on an agreement signed with other shareholders or associates;
- d) Is shareholder or associate of a company and it has the right to exercise a dominant influence over that company, based on a contract signed with the respective entity or on a clause of the articles of incorporation or statute, if the applicable law allows such contracts or clauses;
- e) The mother company exercises or has the power to exercise a dominant influence or control over the company;
- f) Is shareholder or associate of the company and it has the right to appoint or dismiss the majority of the members of the administrative, management and surveillance bodies of the company;
- g) The mother company and the affiliated entity are run on a common basis by the mother company.

An entity is connected to another entity if:

- a) directly or indirectly, through one or more entities:
 - controls or is being controlled by the other entity or is under common control of the other entity (including the mother company, branches or member branches);
 - has an interest in the respective entity, which grants it major influence over this one;
 - or
 - is in common control over the other entity;
- b) it represents an associate entity of the other entity;
- c) it represents a venturer to which the other entity is associated with;
- d) it represents a key member of the management of the entity or its mother company;
- e) it represents a family member of the person mentioned under pts a) or d);
- f) it represent an entity controlled, commonly controlled or significantly influenced or for which the major voting power is given, directly or indirectly, by any person mentioned under pts d) or e); or
- g) the entity represents a posthiring benefits plan for the employees of the other entity or for the employees of any entity connected with such a company.

NOTE 7: SHAREHOLDINGS AND FINANCING RESOURCES**Share capital**

	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
	Number	Number
Subscribed capital – in shares	5.041.546	5.041.546
		lei
Nominative value of a share part	2,50	2,50
	Lei	lei
Subscribed capital - value	12.603.865	12.603.865

The company's share capital is fully paid on 31st of December 2020.

Redeemed shares

The company has no redeemed shares on 31st of December 2020 (2019: there are no redeemed shares).

Bonds

The company has not issued bonds during the fiscal year finished on 31st of December 2020 (2019: no bonds were issued).

Shareholders' structure

	Balance at the beginning of the fiscal year	%	Balance at the end of the fiscal year	%
TIRLEA VICTOR	1.587.036	31,4792	1.587.036	31,4792
CFR MARFA	1.464.388	29,0464	1.464.388	29,0464
MEROLA GIANCARLO MICHELE	1.460.000	28,9594	1.460.000	28,9594
ALTI ACTIONARI	530.122	10,5151	530.122	10,5151
TOTAL	5.041.546	100,00	5.041.546	100,00

The company's shares are traded on the AERO stock exchange, having the symbol SEVE. The face value of each share is 2,50 lei.

NOTE 8: INFORMATION REGARDING EMPLOYEES, MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SURVEILLANCE BODIES**8.a. Administrators, directors and the surveillance commission**

During 2020, the company has paid the following gross indemnities to the members of the Board of Directors ("C.A."):

	Previous	Current
Members of Board of Directors	232,320	232,320

The main decisional structure is the General Shareholders' Meeting. The operational management of the company is provided by the Board of Directors, the executive management is provided by 4 executive directors. The directors' salaries are approved by General Director and any bonifications are approved by the administrators.

At the end of the fiscal year there are no guarantees or future obligations taken over by the company in the name of administrators or directors.

NOTES TO INDIVIDUAL FINANCIAL REPORTS**for the fiscal year concluded at 31 December 2020***(all the values are in lei ("RON"), unless otherwise specified)***8.b. Employees**

The average number of employees during 2020 (respectively 2019) is as follows:

	Previous	Current
Management personnel	4	4
Direct production personnel	314	300
Indirect production personnel	161	133
Total	479	437

Expenses regarding salaries and corresponding taxes registered during 2020 (respectively 2019) are as follows:

	Current year 2019	Current year 2020
Gross salaries for the fiscal year	24.040.689	24.896.015
Social security expenses	51.529	52.813
Health insurance expenses	305.003	251.357
Expenses for the social security of the unemployed	0	0
Expenses with the insurance contribution for the work	547.776	565.808
Expense with meal tickets	1.592.070	1.469.115
Gift vouchers expenses	153.460	140.900
Total	26.690.527	27.376.008

NOTE 9: MAIN ECONOMIC-FINANCIAL INDICATORS

	Year 2019	Year 2020
1. Liquidity indicators		
Quick ratio indicator	0.98	0.93
Immediately liquidity indicator	0.40	0.14
2. Risk indicators		
Indebtedness ratio	45%	43%
3. Activity indicators		
Clients turnover ratio	47	18
Suppliers turnover ratio	12	16
Non current assets turnover ratio	0.75	0.69
Assets turnover ratio	0.48	0.52

Quick ratio declined by 5%, from 0,98 to 0,93, current assets evolving below debts, influenced by the allocated resources to the development production capacity investments.

Immediately liquidity has registered a decrease from 0.40 to 0.14 determined by the work in progress stock to be delivered in 2021.

Indebtedness ratio has increased from 45% in 2019 to 43% in 2020, effect of the increase of company's patrimony as a result of the investments put into operation. The surplus of patrimony created by investment is estimated to be used in the future in increasing revenues and maintaining an efficiency ratio compared to expenses.

NOTE 10: OTHER INFORMATION**a) Information about the company**

SC SEVERNAV S.A. ("The company") is a joint-stock company founded in 1990 after the restructuring of the former enterprise ICNPC, having its head office address on Timisoarei Str. 204, Dr-Tr-Severin, Mehedinti, Romania. The company is registered at the Trade Register Office under no. J25/003/1990, having the fiscal code RO 1606030.

The company produces inland and seagoing vessels, blocksections and accessories and offers services both to inner and foreign market clients.

The company's shares are traded on the technical system of BVB, the AERO trade market, having the symbol SEVE.

b) The method of transforming the assets, liabilities, income and expenses from foreign to local currency

Description in Note 6, item c) "Foreign exchange"

c) Information about income tax

	Previous	Current
Gross accounting profit (loss)	3.896.768	553.480
Elements similar to income and other restatements	(197.788)	120.000
Tax free income	434	704
Deductible legal reserve		43.848
Non deductible expenses (+)	1.987.075	1.831.784
Other elements (-)		
Taxable profit / Current (fiscal loss)	5.685.621	2.460.712
Previous fiscal loss (-)	-	-
Total taxable profit	5.685.621	2.460.712

In 2020, Severnav has registered a taxable profit of 2.460.712 k. lei.

d) Total sales – finished products**Sales on geographical areas**

	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Export		
- Europe	81,636,368	81,327,460
- SUA, Mexic, Canada	-	-
- Africa	-	-
- Eastern Europe	-	-
- Middle East	-	-
- South America	-	-
- Other	-	-
Total Export	81,636,368	81,327,460
Internal Sales	2,531,758	1,655,190
Total sales	84,168,126	82,982,650

Sales divided on activities

	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Accomplished and sold production, out of which:	81,654,302	81,328,605
- vessels	81,636,368	81,327,460
- ship repairs	-	-
- metal constructions	17,934	-
- other	-	1,145
Miscellaneous	2,513,824	1,654,045
Total sales	84,168,126	82,982,650

e) Future events

It is not necessary.

f) Extraordinary elements and income/expenses registered in advance

There are no significant situations to be presented.

g) Rental and leasing expenses

There are no significant situations to be presented.

On 31st of December 2020, the company has 13 financial leasing having a net accounting value of 453.872 lei. The assets owned in leasing or bought on installments are free of any leasing or installment liens and encumbrances.

h) Audit expenses

The contractual expenses for audit and consultancy services performed by the auditor during 2020 been in the amount of 30.903 lei, out of which:

- Financial reports audit – 20.000 lei;
- Periodical audit for certification of the quality system – 10.903 lei;

i) Quotas

Taxation

All amounts due to the State budget for taxes and income taxes have been paid or registred at the date of the balance sheet report. The Romanian fiscal system is in a process of consolidation and harmonization with the European laws, allowing different interpretations of the fiscal law, which can lead to additional income taxes, taxes and penalties. In case the authorities find breaches of the Romanian laws, they can decide according to the case: the seizure of the respective amounts, further additional taxation, fining, applying penalty for late payments (calculated to the outstanding amounts). Therefore, fiscal penalties generated by breaches of the laws can lead to important amounts to be paid towards the State budget.

The company considers that it has paid on time and fully all taxes, income taxes, penalties and penalty interests, to the extent applicable.

Romanian fiscal authorities have checked VAT were calculated up to 30.04.2019.

In Romania, the fiscal year is opened for checking for a period of 5 years.

Juridical claims

Up to 31st of December 2020, the company is involved in the following on going litigations:

1. **There are no litigations in which the company is the DEFENDANT:**
2. **Litigations in which the company COMPLAINANT:** as follows:
 - Litigations concerning labor dispute - 2 pending cases

The company's management thinks that those litigations cannot impact upon the financial situation of the company.

Financial risks

Interest rate risk

The company's exposure to the risk of interest rate modification mainly refers to the long term loans with a variable interest rate. The company's policy is to handle the interest cost by a mix of loans with fixed and variable interest.

Foreign exchange variation risk

The company deals and has loans in a different currency than the functional one (RON). The company cashes and pays in foreign currency which exposes it to foreign exchange variations.

Credit risk

The company has commercial relationships only with well known partners and mainly works on the basis of advances received from the clients. In this way the credit risk is insignificant.

j j) Commitments**j1) Lease contracts**

Not the case.

j2) Credentials

On 31st of December 2020, the company doesn't have credentials.

j3) Bank guarantees

On 31st of December 2020, the company has issued Advance Payment Return Bank guarantees, as it follows:

Item no.	Guarantee type	Approved guarantee issued/not issued	Value EUR	Value RON	Date of issue	Expiration date of BGL	Expiration date of CLG	Contract
1	Bank guarantee letter	LG/1242/20/CM	500,000	2,436,450	08-10-20	31-05-21	31-05-21	171
2	Bank guarantee letter	LG/1287/20/CM	650,000	3,167,450	25-11-20	31-05-21	31-05-21	171
TOTAL			1,150,000	5,603,900				

A summary of all tangible assets owned by the company and ceased in favour of banks can be found at **Note 1 – Non current assets** at 31st of December 2020.

Item no.	Reference type	Reference No.	Original currency value EUR	Value LEI	Date of issue	Expiration date	Contract	Reference number SEVERNAV's BANK
1	Credential stand-by	LM138666ZWT	1,933,000	9,347,988	20-04-20	31-05-21	171	LC/EXP/136/20/CM
TOTAL			1,933,000	9,347,988				

j4) Credentials received for the on going commercial contracts:

SEVERNVA SA
NOTES TO INDIVIDUAL FINANCIAL REPORTS
for the fiscal year concluded at 31 December 2020
(all the values are in lei ("RON")), unless otherwise specified)

k) Amounts owed to credit institutions

Current (2020)

Descriptions	Loan type	Contract's date	Maturity	Currency	Outstanding balance on 31.12.2020 RON
Production credit line	Credit line 1.700.000 EUR, increased to 3.700.000 EUR	RQ15019880740077/15.01.2015	14.01.2023	EUR	9.427.192,34
Production credit line limit	Cash credit limit 11.000.000 EUR	RQ15030331749041/08.04.2015	08.01.2023	EUR	19.875.911,27
Bank guarantee letter limit	Non cash credit limit 3.000.000 EUR	RQ15030331749041/08.04.2015	08.01.2023	EUR	0,00
Investments credits	Investments credits 6.800.000 EUR	RQ19060331999619/20.06.2019	19.06.2034	EUR	30.557.586,29
Production credit line	Short term credit 350.000 EUR	367/02.03.2011	18.02.2022	EUR	1.546.672,63
					61.407.362,53

Previous (2019)

Descriptions	Loan type	Contract's date	Maturity	Currency	Outstanding balance on 31.12.2019 RON
Production credit line	Credit line 1.700.000 EUR, increased to 3.700.000 EUR	RQ15019880740077/15.01.2015	15.01.2021	EUR	5.400.113,77
Production credit line limit	Cash credit limit 11.000.000 EUR	RQ15030331749041/08.04.2015	Untill 09.10.2020	EUR	30.786.246,11
Bank guarantee letter limit	Non cash credit limit 3.000.000 EUR	RQ15030331749041/08.04.2015	Untill 09.10.2020	EUR	0,00
Investments credits	Investments credits 6.800.000 EUR	RQ19060331999619/20.06.2019	19.06.2034	EUR	17.113.796,54
Production credit line	Short term credit 350.000 EUR	367/02.03.2011	19.02.2021	EUR	1.426.308,72
					54.726.465,15

NOTES TO INDIVIDUAL FINANCIAL REPORTS**for the fiscal year concluded at 31 December 2020***(all the values are in lei ("RON"), unless otherwise specified)***l) Stocks**

	Raw materials and consumables	Production in progress	Finished goods and merchandise	Advances for stock purchasing	Total
Current	11.742.246	22.694.438	0	431.054	34.867.738
Cost	11.742.246	22.694.438	0	431.054	34.867.738
Provisions for depreciated slow movements stocks	0	0	0	0	
Previous	19.316.022	19.598.973	0	899.164	39.814.159
Cost	19.316.022	19.598.973	0	899.164	39.814.159
Provisions for depreciated slow movements stocks	0	0	0	0	

Total stocks out of the company's current assets, at the end of 2020 34.867.738 lei (2019: 39.814.159 lei).

At the end of 2019 the company didn't have finished goods on stock.

On 31st of December 2020 the company didn't have residual products on stock.

The company has established guarantees for the production in progress presented at note 10, item k.

The provisions movements for depreciated or slow movement stocks, as well as for correcting the negative difference between the price and the cost of the finished goods, have been as follows:

Name of the provision	Balance at the beginning of the fiscal year	Transfer into account	Transfer out of the account	Balance at the end of the fiscal year
Provision for depreciated and slow movements stocks	0	0	0	0
Provisions for finished goods and merchandise	0	0	0	0
Provisions for the depreciation of the production in progress	0	0	0	0
TOTAL	0	0	0	0

m) Petty cash and bank accounts

	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Cash at banks in lei	1,429,247	149,110
Cash at banks in lodgements	11,539,485	4,067,845
Petty cash - lei	1,544	393
Petty cash – foreign currency		
Other values	450	
Advances / personnel debts		
Total	12.970.726	4.217.348

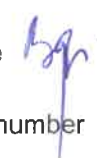
NOTES TO INDIVIDUAL FINANCIAL REPORTS**for the fiscal year concluded at 31 December 2020***(all the values are in lei ("RON"), unless otherwise specified)***n) Other operating expenses**

In the table below we can find the detailed operating expenses as for their nature:

	Fiscal year ended at 31 st of December 2019	Fiscal year ended at 31 st of December 2020
Expenses for transport of goods	2,325,559	2,705,974
Expenses with royalties, remote management and rents	155,152	169,822
Expenses with bank services and similar ones	573,986	465,196
Expenses with insurances	363,124	171,442
Expenses regarding commissions and charges	-	-
Expenses with maintenance and repairs	177,577	174,395
Expenses with postal and telecommunication charges	130,319	143,241
Expenses with business trips and transfers	322,446	178,894
Expenses with protocol, advertising and publicity	177,574	130,196
Other expenses with third parties services	7,129,303	13,367,165
Total	11,355,040	17,506,325

Expenses with third parties services are as follows:

	Fiscal year ended at 31 st of December 2019	Fiscal year ended at 31 st of December 2020
Services with outsourced production	1,999,640	7,374,662
Traning expenses - seminars and professional courses	67,670	9.750
Other income taxes, taxes and similar payments' expenses	837,598	1.076,503
Expenses with indemnifications donations and other transferred assets	512,531	233.228
Consulting and audit	31,693	30,903
Security services	658,497	529,472
Launching services, sea trials, works done during the transport of the vessel, until delivery	39,301	44,483
GL certification	63,712	35,217
Medical services	99,583	115,011
Trash collecting and transport	90,425	108,265
Diving services	122,555	140,963
Railway passage services	94,313	102,335
CTC inspections services	210.043	726.433
Outsourced design services	92.550	548.736
Other	2,209,192	2,291,204
TOTAL	7,129,303	13,367,165

General Director,
TIRLEA VICTORSignature
Company's stampIssued,
BORINTIS GRIGORE
Financial DirectorSignature 
Registry number