

COMVEX

DIRECTORS REPORT FOR THE FINANCIAL YEAR 2023

General introduction

COMVEX S.A. was incorporated in 1991, being the largest bulk raw material handling terminal in the Black sea area, covering a 700,386 sqm total surface in the South of Constanta Port, Romania.

The Company`s registered office is in Constanta, Constanta Port, Berth 80-84, being registered with the Trade Register under no J13/622/1991 and having sole fiscal code RO1909360.

COMVEX terminal is the market leader, specialised in handling, storing and transshipment of dry bulk minerals such as iron ore, coal, coke, bauxite, operating from a modern and fully equipped facility location in the Constanta Port.

Comvex is the only terminal operating solid bulk goods in the Black Sea area, that has the capacity to cater for Cape size vessels (up to 220,000 tdw), holding a discharge line at the maritime quay formed of 5 berths with a total length of 1,400 m and water depth comprised between 10.8 and 18.5 m. In addition, COMVEX benefits geographically from having access through the waterway network which includes the Danube, being located within the close vicinity of the East end of the Danube-Black Sea Canal, so that Constanta Port is at the same time a Danube river port.

Due to its location and excellent access potential to industrial areas in Europe, COMVEX is able to provide its customers, such as major bulk raw material providers in Australia, Brazil, India, Africa, USA and Canada, the ability to make deliveries to industrial plants in Romania, Hungary, Austria, Ukraine, Bulgaria, and Serbia, on a “just in time” basis.

Apart from the existing Minerals Terminal, COMVEX has developed a Grain Terminal in Berth 80, covering an approximately 60,000 sqm surface. The location provides important logistic advantages, respectively: the deepest berth in the Black Sea, vicinity with the barges terminal (the vicinity with the Danube - Black Sea Canal) for river transport from Danube neighbour countries, direct and easy access to the railway, short distance and direct access to highway A2. Thus, COMVEX will provide grain producers in Romania, Hungary, Serbia, Bulgaria the possibility to deliver the obtained production on great capacity ships, 100,000-120,000 tdw.

The Company has implemented an integrated management system, being certified on quality management standards ISO 9001:2015, environment management system according to ISO 14001:2015 and health and security at work management system according to ISO 45001:2018. Additionally, the Grain Terminal is certified according to ISO standard 22000:2018 (food management system). It is also compliant with the requirements of the International Ship and Port Facility Code Security (ISPS).

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The Company carries out its activity by applying internal control standards and procedures, by complying with the requirements of all hierarchic and operational levels: approval, authorization, verification, operating performances assessment, assets securing, separation of positions. As for the human resources policy, the Company considered its employees' professional training according to the position assignments and responsibilities. To assess the internal control, the Company's management implemented the Internal Organization Rule and the internal procedure manuals. The internal auditors are those assessing the internal control system of the Company and they offer an impartial and professional analysis of the company's risks.

In relation to the shareholders, Comvex applies the transparency principles provided by the capital market legislation in force. Moreover, in view of assuring a greater transparency, Comvex follows the Principles of Corporate Governance. Assuring an organized working frame, based on strong principles, helps on the long term to maximize the value, both for the shareholders, and for the interested public.

Information on shareholders

Comvex is traded on the Alternative Trading system managed by the Bucharest Stock Exchange (AeRO), having the symbol CMVX.

Its share capital amounts to RON 29,139,927.5, divided in 11,655,971 nominative, dematerialized shares, having a nominal value of RON 2.5 lei/share. The shareholders ledger is managed by the Central Depository S.A.

On 31.12.2023 the share capital structure was as follows:

Shareholder	No. of shares	Percentage (%)
Solidmet SRL	3,576,953	30.6877%
Liberty Holdco Galati& Skopje Limited loc. Londra GBR	3,277,526	28.1189%
Ruxandra-Ioana Nicola	2,050,040	17.5879%
Anca Mihaela Drăgoi	2,050,040	17.5879%
Other shareholders-individuals	483,556	4.1486%
Other shareholders-legal entities	217,856	1.8691%
Total	11,655,971	100.00%

Company management

Board of Directors

The Company is managed based on a unitary system by a Board of Directors, made up of 5 (five) members, for a 4 (four) years mandate each.

The Board of Directors is assigned to take all the required and useful actions for the achievement of the Company's object of activity, except for those provided by law as being in the exclusive charge of the General Meeting of Shareholders.

The members of the Board of Directors will fulfil their mandate with the prudence and diligence of a good administrator, with loyalty, in the Company's best interest and they will not disclose confidential information and the commercial secrets of the Company they have access to, in their capacity as directors, including after the termination of their mandate as directors. Also, the Directors of the Company must attend all General Meetings of Shareholders.

The Board of Directors represents the Company in relation to third parties and in court, through its Chairman. The Board of Directors delegated the Company's management to the General Manager.

The Board of Directors conducts the current management of the Company, having the duties provided for in the Articles of Incorporation of COMVEX S.A.

The Board of Directors appointed by the decision of the Ordinary General Meeting of Shareholders no. 364 of 23rd of September 2022, for a 4 year mandate, i.e. 2022 - 2026, has the following composition:

Name and Surname	Position
Viorel PANAIT	President C.A.
Dan-Ion DRĂGOI	Member C.A.
Corneliu Bogdan IDU	Member C.A.
George CHIOCARU	Member C.A.
Edmond Costin ȘANDRU	Member C.A.

The remuneration of the directors is determined by the General Meeting of Comvex Shareholders in accordance with the provisions of Law no. 31/1990 and the Company's Articles of Association. By the decision of the Ordinary General Meeting of Shareholders no. 365 dated 23rd of September 2022, the Remuneration Policy for the Company's management structure was approved, drawn up in accordance with the provisions of Article 106 of Law no. 24/2017 on issuers of financial instruments and market operations, republished, as further amended and supplemented.

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In order to observe the legal provisions in force in the domain of the corporate governing, the Company paid the remuneration and benefits granted to the Directors and the General Manager in accordance with the decisions passed by the General Meeting of Shareholders and in compliance with the mechanism established by the decisions of the Ordinary General Meeting of Shareholders no. 366 and 367 dated 23rd of September 2022, namely:

- By decision of the Ordinary General Meeting of Shareholders no. 366 dated 23rd of September 2022, it has been decided as follows: "During the 2022 – 2026 mandate, the remuneration of the members of the Board of Directors shall be maintained at the level of that established by the decision of the Ordinary General Meeting of Shareholders no. 303/24.09.2018, respectively 50% from the gross remuneration of the General Manager. During their mandate, for the members of the Board of Directors cost related to communication, transport, vehicle, delegations, daily subsistence, accommodation, protocol, private pension insurance and health insurance will be borne".
- By decision of the Ordinary General Meeting of Shareholders no. 367 dated 23rd of September 2022, there have been set the additional remunerations for the members of the Board of Directors, as follows: "During the 2022 – 2026 mandate, the general limits of the additional remuneration for the members of the Board of Directors shall be maintained at the level established by the decision of the Ordinary General Meeting of Shareholders no. 304/24.09.2018, respectively between 10% and 30% of the remuneration of the directors".

Thus, according to the OGMS decision no. 367 of 23rd September 2022, the general limits of the fix additional remuneration granted to the members of the Board of Directors that fulfilled specific duties within the Board, respectively the members of the Audit Committee, the Remuneration Committee, the Project Analysis Committee and the Corporate Structuring and Internal Organization Committee for the participation in the committees are set between 10% and 30% from the remuneration of the directors.

- The general limits of the remuneration granted to the General Manager were set by the decision of the Ordinary General Meeting of Shareholders, respectively: between 5 and 30 Company average gross salaries. In accordance with the approval of the General Meeting of Shareholders, the Board of Directors established the remuneration of the General Manager at 15 Company average gross salaries.

In the table below it is detailed the method for determining the remuneration granted to the directors and the general manager, by reference to the above mentioned mechanism, for the period 1st of January – 31st of December 2023:

Year 2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average gross salary/company	8,301	7,691	12,741	9,681	9,759	12,278	9,570	11,949	16,575	9,766	9,431	15,585
No. employees	401	398	404	403	402	411	416	418	417	417	422	421

Note: The average gross salary includes basic salary, salary supplements, bonuses and other additions.

Furthermore, the Company implemented a management system based on key performance indicators, applicable to the Company management as well as all the staff, that is part of the remuneration policy. The evaluation system based on the key performance indicators (KPI) shall be reflected in a set of indicators relevant for the achievement of the Company's objectives.

Activity evolution

During the year 2023, through Comvex Terminals there have been operated several 238 ships with bulk raw materials, out of which 89 within the Mineral Terminal and 149 within the Grain Terminal.

As far as the Mineral Terminal is concerned, the Company has taken all the measures for constant improvement of the activity within the Terminal as well as the performance of the activity at the highest standards for the clients. During the year 2023, through the Mineral Terminal there have been performed handling, storage and transshipment of the bulk raw materials services, such as iron ores, coking coal, bauxite, coke, scrap iron for clients such as Ferrexpo Middle East, Transport Trade Services, Liberty Galati, Danube Shipping Management, PSJ Arcelormittal Kryvyi Rih, Romcim (previously known as CRH) Romania, Holcim Romania, Vitol Switzerland, Glencore International AG, Danube Transport Services (DTS)

In order to diversify its activity, apart from the Mineral Terminal, the company developed a Grain Terminal within Berth no. 80, with a 200.000 tons capacity. 2023 was the third year in which the Grain Terminal was fully functional.

The development of a Grain Terminal within the deepest berth at the Black Sea as well as the East of the Mediterranean Sea, allows direct operation of grain vessels of over 100,000 tdw, which represents an important competitive advantage both for Comvex and Constanta Port. Comvex Terminal is a premier for Romania and it is opening Constanta Port hinterland markets towards global destinations.

Through the Grain Terminal there have been performed handling, storage, and transshipment for clients such as Viterro Agriculture Romania, Al Dahra Agriculture Romania, TOI Commodities S.A., Cerealcom Dolj, Global Grain International, Quadra Commodities SA, Sierentz, Trade Agro Union and others, also comprising commodities originating from Ukraine.

During the year 2023, the Company carried out the specific activities without causing major environmental consequences and were not noted any non-compliance with the conditions provided by the Environmental Permit no. 24/27.01.2021 issued by the Environmental Protection Agency of Constanta.

Main economic-financial ratios

The analysis elements from this report are substantiated by the data in the annual financial statements drafted on 31.12.2023 in accordance with Accounting Law no. 82/1991, as republished, Company Law 31/1990, as further amended and supplemented, republished, by the provisions included in Ministry of Finances Order no. 1802/2014 for the approval of Accounting Regulations regarding individual annual financial statements and the consolidated annual financial statements, as well as the provisions of Order 2649/2023 amending and supplementing some accounting regulations.

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Comvex S.A. has been considering the fulfilment of its obligations under the law as regards the correct, accurate and up-to-date organization and management of the accounting. The assessment, registration in the unit accounting and presentation of patrimony elements was performed in compliance with the principles, policies and accounting methods. The receivables and debts in foreign currency were converted into RON considering the foreign currency exchange rates on the date of 31.12.2023.

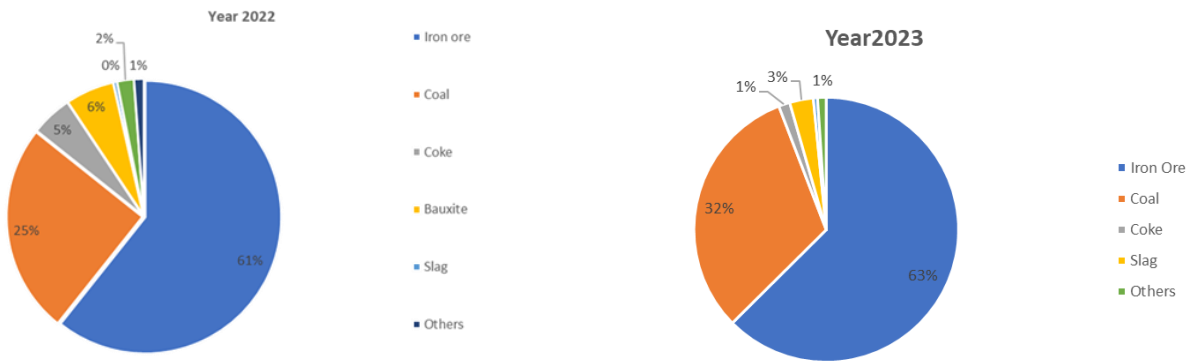
Ratios	MU	Year 2022	Year 2023
Handled tons MT	<i>Tons</i>	9,143,888	8,430,853
Handled tons GT	<i>tons</i>	5,306,057	7,018,266
Turnover	<i>Lei</i>	356,917,155	425,706,251
Total revenues, out of which:	<i>Lei</i>	387,887,868	459,005,308
<i>Operating</i>	<i>Lei</i>	382,149,897	447,821,360
<i>Financial</i>	<i>Lei</i>	5,737,971	11,183,948
Total expenses, out of which:	<i>Lei</i>	263,542,116	236,377,912
<i>Operating</i>	<i>Lei</i>	255,472,087	222,219,573
<i>Financial</i>	<i>Lei</i>	8,070,029	14,158,339
Net profit	<i>Lei</i>	104,360,675	189,722,243
Fixed assets	<i>Lei</i>	427,295,613	420,905,785
Cash available	<i>Lei</i>	103,305,940	107,905,143
Receivable	<i>Lei</i>	52,300,027	55,709,842
Stocks	<i>Lei</i>	26,331,627	36,900,337
Debts	<i>Lei</i>	215,945,213	186,702,576

The Mineral Terminal operated in 2023 a total quantity of 8,430,853 raw materials tons, compared to 9,143,888 bulk raw materials tons, the quantity operated during the previous year. During the entire year of 2023 there have been operated 89 maritime vessels, compared to 158 vessels during 2022.

The distribution by types of goods of the total handled quantity (tons) within Comvex Mineral Terminal is as follows:

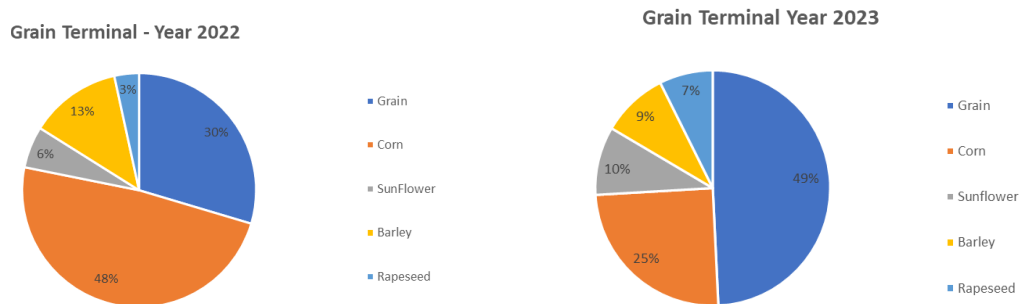
	Year 2022	Year 2023
	tons	tons
Iron ore	5,552,362	5,245,184
Coal	2,282,593	2,663,842
Coke	450,479	116,309
Bauxite	530,109	0
Slag	39,568	243,773
Homogeneous of ores/coal/bauxite	181,731	43,129
Others	107,047	88,616
	9,143,888	8,430,853

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The distribution by types of goods of the total handled quantity (tons) within Convex Grain Terminal is as follow:

	Year 2022	Year 2023
	<i>tons</i>	<i>tons</i>
Wheat	1,571,119	3,455,548
Corn	2,576,095	1,743,412
Sunflower	305,090	659,964
Barley	672,508	642,105
Rapeseed	181,245	517,237
	5,306,057	7,018,266



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Total Revenues (lei)

	<u>Year 2022</u>	<u>Year 2023</u>
Turnover, out of which	356,917,155	425,706,252
<i>Revenues from the sale of goods</i>	<i>24,857,919</i>	<i>10,754,517</i>
Other revenues	25,232,742	22,115,108
Financial revenues	5,737,971	11,183,948
Total revenues	387,887,868	459,005,308

The turnover (lei) split by clients and the two Terminals is as follows:

Client	<u>Year 2022</u>	<u>Year 2023</u>
	RON	RON
Ferrexpo Middle East	61,705,635	69,444,621
Transport Trade Services	38,518,662	63,261,918
Danube Shipping Management	15,817,234	30,064,959
Vitol Elveția	13,728,204	21,321,865
Liberty Galați	21,181,033	13,987,226
Romcim (CRH) România	9,793,595	13,440,509
Metinvest International SA	15,161,548	8,457,227
PSJ ArcelorMittal Khryvy	999,963	8,121,200
Temperi Logistic Ltd		6,437,708
Glencore International AG	12,033,857	5,409,293
Ascom International	12,018,756	4,102,673
Holcim Romania	3,105,011	4,096,323
Hampton Resources Ltd		3,725,643
Danube Transport Service	5,038,473	2,644,112
Steinweg	2,728,541	2,373,295
Alum Tulcea	5,203,985	-
Promet Steel JSC	4,016,249	-
Heidelbergcement Romania	1,900,192	-
Others	10,593,124	3,586,627
Total turnover TM	233,544,063	260,475,198

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Client	Year 2022	Year 2023
	RON	RON
Viterra	45,511,367	72,015,179
Quadra		29,907,930
Al Dahra	36,277,615	21,280,119
TOI Commodities	19,564,678	16,140,984
Sierentz & Cie Sarl		7,605,775
Trade Agro Union	14,750,555	3,889,760
Global Grain International	1,026,873	1,351,145
Cerealcom	5,087,174	11,124,711
Others	1,154,828	1,915,451
Total turnover TG	123,373,091	165,231,053

The iron ore was handled for the steel factories of Galati – Romania Smederevo – Serbia, Linz-Austria and Kosice-Slovakia, as well as for end-users in Algeria, China, Turkey, Italy. The coking coal was unloaded for the complex of Dunajvaros in Hungary, and Arcelor Mitall Kryvyi Rih Ucraina. Energy coal/PCI for the thermal power stations of Romania, for cement factories from Romania Serbia, Slovakia, Poland and Moldavia. The anthracite coal, for the steel plants and cement factories from Serbia and Bosnia. The slag was destined for Holcim cement factories. The petroleum coke went to Romcim and Holcim cement factories in Romania and to Moravacem Serbia. Metallurgical coke was shipped to steel plants in Serbia, Italy, Belgium and Turkey. The destination for the bauxite was the alumina factory Alum Tulcea. The coal homogeneous was used by the Romcim and Heidelberg cement plants in Romania. And the iron ore homogeneous was shipped to China.

The raw materials have been dispatched to the beneficiaries by mean of maritime vessels, or by railway (wagons), by river (barges) or by road (trucks).

Starting with 2022, the Company's activity has recorded an important expansion on the background of the increase of cargo traffic through the port of Constanta, an increase generated by the geo-political context within the area. Therefore, because of the Russian-Ukrainian war and, implicitly, the closure and/or dramatic restriction of operations through Ukrainian ports, Romania has become one of the main transport routes for goods from Ukraine, being used as a transit country. In addition, given the increasing demand for port operation services, the tariffs charged in the port of Constanta have also increased, generating significant revenues and accordingly financial results. Given the above detailed background, the turnover registered but the Mineral Terminal has increased with approximately 10% compared to the one registered during the previous year.

The grains handled through the Grain Terminal have been dispatched to Saudi Arabia, Cyprus, Egypt, United Arab Emirates, France, Greece, Jordan, Israel, Lebanon, Libya, The Netherlands, Portugal, Spain, Sudan, Tunisia, Turkey, Belgium, Yemen, Great Britain and Italy.

The Grains Terminal turnover has increased by approx.) 35% compared with the one registered the previous year, due to the significant increase of the quantities of raw materials handled through the Terminal, in the same context as above, including the commodities originating from Ukraine.

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The financial revenues represent favorable differences of foreign exchange rates.

Total expenses (lei)

	Year 2022	Year 2023
	RON	
Personnel expenses	57,360,741	69,654,493
Expenses with materials, consumables, other auxiliary materials	19,290,378	21,606,525
Utilities expenses	22,831,124	18,661,264
Expenses for the sales of goods	21,878,971	9,936,650
Depreciation expenses	24,105,605	24,336,664
Rent expenses	11,421,242	14,636,017
Third Parties Services	33,276,473	51,280,679
Terminal greening expenses	21,530,207	9,939,650
Other operating expenses	43,777,346	2,167,630
Financial expenses	8,070,029	14,158,340
Total expenses	263,542,116	236,377,912

Personnel expenses include the expenses related to personnel (wages and due contributions) as well as the directors. The increase in salary expenses is due (i) to the increase of the RON/EUR exchange rate (salaries being set in euros and paid in lei.), (ii) to the increase of the number of employees from 397 employees at the end of 2022 to 422 employees at the end of 2023, but also (iii) granting performance bonuses to employees during 2023 for accomplishing the performance indicators (KPIs), following the assessment of their individual performances in order to achieve the Company's objectives.

Out of the total rent expenses, the amount of lei 4,366,343 represents the rent paid to CN APM compared to lei 4,063,752 in 2022. The rest of expenses with rents represent, mainly, rents for specialized equipment and machineries for cargo handling activity, expenses that registered an increase in 2023 compared to 2022 mainly in connection with the activity of the Mineral Terminal.

As regards the depreciation expenses the accounting policy relative to the estimation of the forecasted manner of consuming future economic benefits incorporated in the depreciable assets of the Mineral Terminal takes into consideration (i) economic-financial context in which the Company is developing its activity and (ii) the fact that, even though the activity of the Mineral Terminal is not a constant one, however it is necessary for the Terminal equipment to be adjusted in order to be able to handle the peaks of activity in direct relation to the commissioned vessels and the evolution of the related industry.

Thusly the accountant policy relative to the estimation of the forecasted manner of consuming future economic benefits incorporated in the depreciable assets of the Mineral Terminal is the depreciation method in accordance with the provisions of OMFP 1802/2014, article 240 point (1) para. d) respectively "the depreciation calculated per unit of product or service" for tangible fixed assets that are directly involved in operating the remaining quantities to be handled during the period of remaining service life of the equipment of the Convex Mineral Terminal.

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The other tangible fixed assets related to the Grain Terminal, respectively other shared assets that are used for the activity of both terminals, shall continue to be depreciate based on the method of straight line depreciation. For this the depreciation shall be determined based on the entry value, by applying the straight line depreciation method during the estimated service life of the assets.

Out of the total expenses related to third parties' services registered in 2023, the amount of lei 9,200,602 represents rented work force expenses (lei 4,875,127 during 2022), the amount of lei 7,917,354 represent performed railway shunting (lei 4,321,265 during 2022), and the amount of lei 6,177,879 represent repair expenses (lei 4,995,964 during 2022). The rest of the expenses represent insurance, telecommunications, guard and security, freight survey, retainers, fees, advertising and publicity, travelling, as well as other third parties' services expenses.

Other operating expenses represent taxes and duties, consultancy, net adjustments related to provisions, sponsorships, expenses related to assets transferred and other capital expenses, as well as other occasional expenses made for the activity performance.

Out of the total financial expenses amounting to lei 14,158,340, the amount of lei 7,417,763 represents the expenses with the interests related to the loans and leasing agreements (lei 4,005,771 during 2022), the rest representing negative exchange rate differences. The increase in interest rates expenses was due to the increase of the Euribor rate, based on which the interest rates for the investment loan for financing the Grain Terminal are determined.

Net profit

The Company registered in 2023 a net profit of lei 189,722,243, as compared to lei 104,360,675 in 2022. The profit increase was generated by the increase in the turnover as it was detailed above.

Fixed assets

The fixed assets at the end of 2023 amounted to lei 420,905,785, compared to lei 427,295,613 at the end of 2022. The decrease in the balance of the fixed assets was influenced by their depreciation.

There has not been a revaluation of the fixed assets existing in the patrimony at the end of 2023.

Stocks

The increase of the stocks compared to the end of 2022 was directly due to the increase of activity registered in 2023. Out of the total of lei 35,900,337 stocks on December 31, 2023, the amount of lei 4,974,369 represents stocks of materials for investments and the amount of lei 25,283,503 represents spare parts that were bought for the proper performance of the activity in both terminals.

Receivables

The increase of receivables in stock on 31st of December 2023 compared to the end of 2022 was directly due to the increase of turnover.

Cash availability

The cash available on December 31, 2023 was in the amount of lei 107,905,142, compared to the amount of lei 103,305,940 available on December 31, 2022. The Company has improved its

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financial position during the year 2023 in relation to the available cash. During the year 2023 there have been approved and paid gross dividends amounting lei 149,999,525, representing part of the Company`s registered and undistributed profit for 2022, together with the registered and undistributed profits for previous financial years as follows: 2008-2018, 2020 and 2021.

Debts

Out of the total of lei 186,702,576 debts in balance at the end of 2023, the amount of lei 115,149,051 represents the amounts due to credit institutions for contracted bank loans, out of which the amount of lei 110,178,436 (respectively EUR 22,148,200) represents the balance of the bank loan for financing the Grain Terminal. In 2023 the Company reimbursed the capital rate in total amount of EUR 5,112,00 for this bank loan.

The balance of the leasing financing is the amount of lei 2,191,676, representing the equivalent of EUR 436,365.

Litigations

On December 31, 2023, the Company has several ongoing litigations with Compania Nationala Administratia Porturilor Maritime SA Constanta (CN APM), determined by Comvex`s refusal to pay the tariff for using the port infrastructure (UDP), taking into consideration the following aspects:

- i. Unilateral increase by CN APM of the tariff for using the port infrastructure in the context of a pre-existing contract providing the parties` obligation to negotiate;
- ii. CN APM`s non fulfilment/faulty fulfilment of its contractually assumed obligations.

Thus, starting with January 2015, the Company refused to pay the increased tariff from EUR 0.05 euro /m2/month to 0.08 euro / m2/month, as the increased tariff has no correspondent in the contractual mechanism and starting with April 2015, Comvex invoked the failure to fulfil with the counter services related to the UDP tariff of 0.05 euro /m2/month provided within the agreement concluded with CN APM. Through its refusal to pay the UDP tariff, COMVEX has consistently detailed the reasons underlying such refuses, attaching in this sense justifying photo boards, showing with no doubt that CN APM non fulfilment/faulty fulfilment of its contractually assumed obligations.

The value of the refusals related to the tariff of 0.05 euro /m2 for April 2015 – September 2016 is in the amount of lei 2,813,425.5 without VAT, amount which was provisioned, thusly avoiding the impairment of the future financial position of the Company.

The total value of the refusals related to the tariff of 0.03 euro /m2 amounts to lei 1,322,255 without VAT, amount which cannot impair the financial position of the Company because, as mentioned above, there is no contractual correspondent for that tariff, the Company not recognizing any adjustments in the financial statements. We mention that the claims of CNAPM regarding the payment of the counter value of the tariff for using the port infrastructure increased with 0.03 euro /m2/month were already rejected by the Court as having no merits, thusly CNAPM transmitted until now part of the invoices for cancellation of the tariff of 0.03 euro /m2.

On December 31, 2023, the total value of the refused penalties was of lei 6,652,829 from which the amount of lei 2,407,751 represents refused penalties for the tariff of 0.05 euro/m2 and the difference of lei 4,245,978 - represents refused penalties for the increased tariff of 0.05 euro/m2

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to 0,08 euro (for which CNAPM did not issue cancellation invoices). We make the same mention that CNAPM has already cancelled part of the penalties for the increased tariff of 0,03 euro/m². The Company did not recognize any adjustments in the financial statements for the refused penalties.

By Decision no. 1476/23.12.2020 ordered in File no. 6744/118/2015, the Constanta County Court dismissed entirely the claim submitted by CN APM by which they requested the obligation of Comvex to the payment of the amount representing the UDP invoices refused to be paid during the period of 30.01.2015 – 29.01.2016 as well as the related penalties. CN APM has filed an appeal against Decision no. 1476/2020.

By Civil Decision no. 412/07.10.2021 ordered by the Constanta Appeal Court was admitted the appeal introduced by CN APM SA, was partly changed the appealed decision, respectively the related requests were partly admitted, the defendant Comvex SA was obliged to the payment to the plaintiff CN APM SA of the amount of 1,924,807.23 lei representing the tariff for using the port infrastructure calculated for the period of 30.01.2015 – 14.01.2016 at the level of 0,05 euro/m² and to the payment of delay penalties relative to the tariff for using the port infrastructure calculated at the level of 0,05 euro paid late. The rest of the claims related to the payment of the counter value of the tariff for using the port infrastructure increased with 0,03 euro/m²/month were rejected as having no merits.

Both Comvex and CN APM introduced appeal against the decision of the Constanta Appeal Court in file 6744/118/2015. The appeal introduced by Comvex targets the request regarding the obligation to the payment of the amount of 1,924,807.23 lei representing the tariff for using the port infrastructure of 0,05 euro/m² and the relevant penalties, and the appeal introduced by CN APM targets the Court's solution of rejection the request to increase the tariff for using the port infrastructure from 0,05 euro/m²/month to 0,08 euro/m²/month.

By decision of 01.03.2023, the High Court of Cassation and Justice admitted the application filed by Comvex and referred the matter to the Constitutional Court for a ruling on the exception of unconstitutionality of Article 483 para. 2 Civil Procedure Code.

At the same time, the High Court of Cassation and Justice suspended the proceedings on the appeals filed by Comvex and CN APM until the ruling on the exception of unconstitutionality.

On the docket of the Constanta County Court, section II civil, it is registered file no. 27863/3/2019*, having as subject: ascertaining the absolute nullity of the operation of transmission of the right of ownership of a number of 40 shares each, issued by Comvex SA, by Drăgoi Anca Mihaela and Nicola Ruxandra Ioana and a number of 2,050,000 shares each, shares issued by Comvex SA, subscribed during increase of registered share capital, by Drăgoi Anca Mihaela and Nicola Ruxandra Ioana.

The file is pending in Court, at the stage of merits. The management of Comvex S.A. has taken all required measures in front of the competent courts until this date, contracting legal assistance and qualified representation for the Company, for the best interest of the Company.

The Management of the Company assesses that none of the claims introduced in this Report have any significant adverse effect on the economic results and financial position of the Company.

Profit distribution

	lei
Gross profit as of 31.12.2023:	222,627,396
<i>Tax on related profit</i>	<i>32,905,153</i>
Net Profit as of 31.12.2023:	189,722,243
Other reserves	6,989,368
Net Profit to be distributed as of 31.12.2023	182,732,875

During the first semester of 2023 there have been put into service some technological equipment by which the Company is able to implement the provisions of art. 22 of Law no. 227/2015, as further amended, regarding the tax relief for the reinvested profit.

The investment for which the Company has determined the tax relief is of lei 6,989,368. Therefore, the profit after taxation the previously amount is distributed to other reserves related to reinvested profit.

It is proposed to the General Meeting of Shareholders that the net profit registered on December 31, 2023 in the amount of lei 189,722,243 to be distributed as follows:

- (i) The amount of lei 6,989,368 – for reinvestment purpose in relation to technological equipment, in accordance with the provisions of art. 22 of Law 227/2015 regarding the Fiscal Code, and therefore, the said amount shall be distributed to other reserves connected to the reinvested profit;
- (ii) The amount of lei 125,000,000 shall be distributed as gross dividends;
- (iii) The difference amounting lei 57,732,875 shall remain undistributed.

Investment activity

In 2023, the total capital expenditure was the amount of lei 15,151,487, representing various modernizations and investments in tangible fixed assets in progress for both terminals as well as for the improvement of the IT security.

The Company's priority is to offer the highest level of handling and storage services for commodities, thus gaining the trust of its clients, offering the opportunity of increasing the quantities handled through Constanta Port.

To make the Grain Terminal activity more efficient, the Company is developing the investment project "Increasing the storage capacity at Berth 80 Grain Terminal in the North Constanta Port". In the first stage, the project consists of the construction of silo cells and related operating equipment works that will increase the storage capacity of grains and/or oilseeds by 11,800 tons. The company is also implementing a potential continuation of the Project, in a secondary stage, which aims to expand storage and operating capacity by up to 38,000 tons, thus reaching a total additional capacity of up to 50,000 tons.

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In this context, by the end of 2023, the Company concluded with the Management Authority for the Transport Program 2021-2027, within the Ministry of Transport, the non-reimbursable financing contract for the implementation of the project SMIS code: 312766, entitled: "Increasing storage capacity at Berth 80 Grain Terminal in the Constanta North Port". The total budget of the project is RON 28,425,967 (EUR 5.7 million equivalent), of which RON 9,950,799.95 (EUR 1,999,999 equivalent) is non-reimbursable financing in the form of state aid.

The specific objective of the project is the construction of two temporary grain storage cells with a total capacity of 11,800 metric tons in the western area of the Grain Terminal at berth 80 by 31.12.2024.

The specific objective of the Financing Scheme under the 2021-2027 Transport Program is to perform investments in sea and inland ports (Constanta, Galati, Giurgiu, in ports located along the Danube - Black Sea Canal including Poarta Alba - Midia - Năvodari, along the Sulina Canal or in "satellite" ports of the Port of Constanta (Midia, Mangalia), in order to reduce the immediate negative effects of the geopolitical crisis caused by Russia's aggression against Ukraine. At the same time, in line with the Communication 217/2022 from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – "An action plan for the EU-Ukraine solidarity lane to facilitate Ukraine's agricultural exports and bilateral trade with the EU", the priority is to mobilize and make optimal use of existing infrastructure and equipment, to expand capacity where possible and to increase and diversify the number of routes that could be used for trade continuity. Investments in new infrastructure and equipment as well as in upgrading existing ones are also necessary, but often require medium and long-term perspectives.

The project "Increasing storage capacity at Berth 80 Grain Terminal in the Port of Constanta North" responds very well to these objectives as its implementation will increase the capacity to handle grain from Ukraine, thus facilitating Ukraine's exports to EU and non-EU countries, helping to eliminate the effects of the blockage of Ukrainian Black Sea ports by Russian aggression. The project will concretely contribute to the above objectives by increasing temporary storage capacity by 11,800 t and reducing temporary storage time from an average of 27 days to 17 days. It is the operator's intention that this project will be the first stage of a larger development of the grain terminal so that Ukraine's grain traffic can be served even more extensively. According to traffic estimates for the period 2024-2027 the project "Increasing storage capacity at Berth 80 Grain Terminal in the Port of Constanta North" will serve an average of 750,000 tons of grain from Ukraine exceeding an operation of 1.5 million tons destined exclusively for Ukraine. Please note that this estimate is conservative based on the estimated grain flow.

Revenues and expenses budget for 2024

Comvex` s orientation for 2024 is materialized in the continuous improvement and growth of its activity and maintaining the high-quality standards of the services provided for the Company`s clients.

The launch and promotion of the Grain Terminal represented a constant concern for Comvex representatives` at all levels. Comvex shall continue to promote the capacity of the Project, by way of emphasizing its unique features and confirming the Company`s cooperation intentions that have been previously discussed with various potential clients of the Grain Terminal.

We are considering the most relevant grain producers in Romania and across the hinterland of Constanta Port, as well as local and global traders with operational interest in this hinterland.

The revenues and expenses budget for 2024 is based on a total quantity of 7.3 million tons manipulated in the Grain terminal and 11.6 million tons of cereals manipulated in the Mineral Terminal. The envisaged quantities for both terminals have been estimated by taking into consideration all the agreements and discussions with all existent and/or potential clients.

The quantity received in the Grain Terminal was estimated at approximately the same level as the one from the previous year, based on the agreements already concluded for the agricultural season 2023-2024 as well as agreements and discussions with existing and/or potential clients for the agricultural season starting with June 2024.

Operational expenditure for 2024 has been budgeted based on the analysis of the previous year expenditure and adjustments based on estimated increases of tariffs and prices for utilities, fuel, etc. and activity volume estimated for 2024 in relation to each terminal.

Personnel costs have been estimated based on the existing activity volume from 2023, the existing number of employees, and the provisions of the collective labor agreement. The expenditure with the TESA (technical, clerical and administrative) personnel, as well as the expenses with technical personnel have been allocated to the two Terminals based on the estimated activity to be performed by these personnel in relation to each Terminal. General and administrative expenses have been allocated equally between the two Terminals.

For the Mineral Terminal the expenditures with the maintenance of the equipment were budgeted according to the preventive repairs and estimated revisions which are considered necessary to the proper operation of the equipment and machinery, considering their operational status and age. For the Grain Terminal, the utilities and equipment maintenance expenditure were estimated considering the technical and operational parameters of the equipments, utilities` prices, respectively necessary services, as well as the grain quantities to be received within the Terminal.

The rent expenses have been budgeted according to the agreements concluded with CN APM, respectively the rented equipment suppliers to carry out the mineral`s activity considering efficiency conditions. Expenses such as utilities and fuel have been budgeted based on the quantity of goods estimated to be handled in 2023, taking into consideration the announced increases of tariffs.

Other expenditures included in the budget have been estimated based on the agreements concluded with service providers as well as historic values and the Company management assessment relative to the global increase of prices.

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Financial expenses were forecasted in accordance with the provisions of the financing contract for the investment "Grain Terminal".

The estimates for 2024 for the Grain Terminal are:

- (i) Turnover euro 34.5 million;
- (ii) EBITDA euro 21 million;
- (iii) Net profit euro 13.9 million.

The estimates for 2024 for the Mineral Terminal are:

- (i) Turnover euro 55.8 million;
- (ii) EBITDA euro 31.2 million;
- (iii) Net profit euro 23.8 million.

It is proposed to the Ordinary General Meeting of Shareholders to approve the income and expenses for 2024, as they are presented to shareholders.

Assessment of the Company's activity regarding risk management

The Company is exposed by its operations to the following risks:

- Operational risk
- Market risk
- Credit risk
- Foreign Exchange risk
- Liquidity risk

Operational risk derives from the possibility of the occurrence of accidents, errors, faulty operation, as well as from the influences of the environment on the operational and financial results. The Company's policy is to continuously improve performances of the equipments and machinery and maintain the same high standards of the services offered to the Company's clients.

Thusly, the Company implemented an integrated management system of quality-environment-safety-food safety with results on the improvement of the organisation's image, by satisfying requirements of quality, environment, labour safety, improvement of the relations with public authorities and business partners. Also, in order to limit risks and liabilities, the company has signed insurance policies for equipments and machinery, as well as policies for third party civil liability. In order to minimise the environment's influence on the results, the Company continuously observes the greening of the Mineral Terminal by eliminating the waste periodically generated due to the specific of the activity.

Market risk is the risk that the market price's variation affects the income and financial results of the Company or the value of the held financial instruments. The Company continuously observes the evolution of the market and industries it caters for to adjust forecasts and estimations regarding financial performances of the company.

Credit risk is the risk of financial loss for the company which occurs if a client or counterparty to a financial instrument does not fulfil its contractual obligations. The Company is mainly exposed to the credit risk arising from rendering services to clients. Thus, the Company observes the deadlines for cashing receivables and correlating them with debt payment deadlines.

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Foreign Exchange risk occurs when the company concludes transactions expressed in another currency other than its operational currency. The Company is mainly exposed to the foreign exchange risk with acquisitions performed from suppliers of materials, spare parts, but also service providers with which the tariffs are negotiated in euro. To minimize the foreign exchange risk, both the Company's income and expenditure were correlated to euro by setting the tariffs for services performed in euro and by linking the main expenditures of the company to the same currency (wages, rent, etc). The company observes deadlines and insuring cash availability for paying, so that the foreign exchange risk may be minimized.

Liquidity risk occurs from the management by the company of circulating assets and expenditures for financing and reimbursement of the amount of the principal for its credit instruments. Convex's policy is to make sure it always has enough cash to allow fulfilment of its obligations when they become due. To reach this objective, it always searches to maintain enough cash balance to satisfy the payment needs. At the end of the financial year, the Company has enough liquid resources to honour its obligations from all forecasted reasonable circumstances. Also, the Company observes to correlate assets and liabilities on short term, respectively long term, by performing average and long term investments from resources of average and long term. The Company does not have any unpaid due obligations to the state budget.

Economic impact of the war in Ukraine

The conflict determined by the Russian Federation against Ukraine is still on going at the date the present Report is presented. The intensity of the conflict is variable and neither the initial purposes of Russia are accomplished, nor the answer Ukraine gave led to any termination of the hostilities in a favorable way for Ukraine. As a consequence, we may still assess the extension of this war with the affecting of an important part of Ukraine.

Considering the war against Ukraine and the invasion of its territory, Romania's western partners (EU and USA) imposed economic sanctions more and more drastic on several important actors of Russian economy and Russian State in its entirety. These sanctions are still in force and there is the possibility for them to increase during 2024.

The impact of these economic sanctions, as well as their potential extension, shall affect both on short term as well as on average and long term, the global economic and politic context triggered by the crisis in Ukraine.

Thusly, it must be observed the fact that, Russia represented over time one of the main exporters of grains, especially through the basin of the Black Sea, where our company operates. On the other hand is important to underline that together with Ukraine, Russia holds more than a quarter of the global wheat exports. More than that, Ukraine is in top 5 states of the general grains market, with corn, wheat and Soya beans.

The price of grains has significantly increased once the war started, considering that the request remained constant and showed significant fluctuations in the following period. The effects of such variations are still affecting in a significant manner the logistics of grain global market.

While establishing the general Company's strategy, we are still evaluating that the geopolitical stability of Romania shall not be affected, considering the country's membership to NATO and EU. On the other hand we do not see how it could be possible for transports through the Bosfor

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and Dardanele straits to be blocked, although it is obvious they shall be affected in certain measures.

We estimate that the effects of the war, whichever it might be its end, as well as of the economic sanctions will continue to have a powerful impact on the exports from Ukraine and Russian Federation. We hereby estimate that the grain handling activity in Constanta Port will continue to take over a part of the Ukrainian exports during the year 2024 as well, representing the first alternative to the Ukrainian ports, specialized in this industry. Of course, the level of such transfer towards Constanta Port will be influenced by the size of the damages the attack strategy of Russia will have against the Ukrainian ports.

Obviously the impact of the war on the global economy is a negative one, because Ukraine's production seems to be diminished to a large extent for 2023, and transport of large quantities and capacity to make payments and use usual financial warranty instruments may generate problems in global supply.

More than that, maritime transport in itself is under a significant negative impact, considering the Russian Federation's operations in the Black Sea and the closing for commercial routes of the Azov Sea. There is always a significant risk of restricting the access of cargo ships or their transit routes to the Black Sea. We can say that there is also a risk of blockage of maritime traffic, but we consider such a scenario unlikely, given the data available at this time.

On the other hand from the point of view of operating raw materials through the mineral terminal, it must be underlined that, during the war, there were some fluctuations due to the bottlenecks mentioned above. Even if the war has brought a higher flow of such goods, there is no guarantee that these flows cannot be affected by the continuation of military operations.

Furthermore, the total and long term impact of the war may not be determined at the time of drafting this report. On the other side, the Company has acquired additional experience during 2022 and 2023 which shows increased resilience for the future and a capacity to adapt significantly higher for any further potential scenario.

The Management of the Company is closely monitoring the political and economic situation and searches for ways to mitigate the impact of the war on Comvex.

Although at present we do not have such information from our clients, in case the supply with raw materials and materials for the plants and industries the Company caters for might be stopped or diminished significantly for a longer period of time, the company's income might register also decreases compared to the presented financial forecasts.

The Management of the Company shall closely monitor the evolution of the situation and shall adopt all necessary measures to mitigate, up to exclusion, the effects this situation may produce on the Company.

Viorel Panait – President of the Board of Directors
18th March 2024