

COMVEX DIRECTORS REPORT FOR THE FINANCIAL YEAR 2020

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 Constanța, 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).

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

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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 risks.

In relation to the shareholders, Comvex applies the transparency principles provided by the applicable capital market legislation. 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 31.12.2020, 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 | 493,961 | 4.2378% |
| Other shareholders-legal entities | 207,451 | 1.7798% |
| Total | 11,655,971 | 100,00% |

Company management

Board of Directors

The Company is managed based on the 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.

In accordance with the Ordinary General Meeting of Shareholders no. 302 of September 24, 2018, the appointed Board of Directors, for a 4 years mandate, respectively 2018-2022, has the following composition: Viorel Panait –president of the Board, Dan- Ion Drăgoi – member of the Board, Corneliu Bogdan Idu- member of the Board, Edmond Costin Şandru – member of the Board.

The remuneration of the Directors is decided by Comvex general meeting of shareholders in accordance with the provisions of the Company Law no. 31/1990 and the Articles of incorporation of the Company.

The remuneration and other benefits granted for the directors and the General Manager are in full compliance with the mechanism established by the Ordinary General Meeting of Shareholders no. 303 and 304 of September 24, 2018, respectively:

- By decision of the Ordinary General Meeting of Shareholders no. 303 of September, 2018, it has been decided as follows: *“during the term of office 2018-2022, the 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. 214/25.09.2014, respectively 50% from the gross remuneration of the General Manager. During the term of office, for the members of the Board of Directors the costs related to communication, transport, car delegation, daily subsistence, accommodation, protocol, a private pension insurance, as well as health insurance will be borne.”*
- By decision of the Ordinary General Meeting of Shareholders no. 304 of September 24, 2018, there have been set the additional remunerations for the members of the Board of Directors, as follows: during the term of office 2018-2022, the general limits of the additional remunerations 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

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no. 215/25.09.2014, respectively, between 10% and 30% of the remuneration of the directors”.

Based on the approval of the General Meeting of Shareholders as previously detailed, the Board of Directors has set the additional remunerations for the directors that fulfil specific duties within the Board, respectively the members of the Audit Committee, the Remuneration Committee and Project Analysis Committee.

- The general limits of the remunerations of the General Manager were set by the decision of the OGMS, 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:

| | | | | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 2020 Average gross salary/ company | Jan 6,043 | Feb 5,777 | Mar 6,165 | Apr 5,851 | May 5,636 | Jun 6,090 | Jul 6,459 | Aug 6,183 | Sep 6,405 | Oct 6,615 | Nov 6,046 | Dec 6,496 |
| No. employees | 296 | 292 | 288 | 283 | 292 | 292 | 304 | 314 | 318 | 321 | 330 | 327 |

Note: The average gross salary includes the obligations due to the employee, respectively the individual social insurance contribution, the contribution for social health insurance, as well as the income tax from salaries.

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

Activity evolution

During the year 2020, through Convex Terminal there have been operated a number of 154 ships with raw materials in bulk, out of which 113 within the Mineral Terminal and 41 within the Grain Terminal.

A 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 2020, through the Mineral Terminal there have been performed handling, storage and transshipment of the raw materials in bulk services, such as iron ores, coking coal, bauxite, coke, scrap iron for clients such as Transport Trade Services, Liberty Galati (previously known as ArcelorMittal Galati), Vitol Swiss, Brightroad, Alum S.A. Tulcea, CRH Romania, CRH Serbia, Danube Transport Services, C. Steinweg Romania, Sisecam Soda Lukavac, Danube Shipping Management.

Through the Grain Terminal there have been performed handling, storage and transshipment for clients such as Glencore Agriculture Romania, Al Dahra Agriculture, TOI Commodities, Global Grain International, Cargill, Cerealcom, ADM Romania Trading, Agent Plus.

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As we have already mentioned above, for ensuring the activity diversity, apart from the Mineral Terminal, the company developed a Grain Terminal within Berth no. 80, with a 200.000 tons capacity.

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 shall represent 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.

The value of the investment amounted to approximately Euro 52 million and it was financed by an investment credit facility amounting Euro 36.4 million, the difference being financed from the Company`s own funds. The credit facility has been equally granted by Raiffeisen Bank and EximBank, it benefited from a guarantee issued by EximBank in the name and on account of the Romanian State, amounting euro 18.144 million and shall be reimbursed until the summer of 2017. The balance of the credit facility at 31.12.2020 was in the amount of Euro 35,484,200.

Taking into consideration the economic general context generated by the Covid-19 Pandemic and, consequently the drop in activity, in order to ensure the business continuity and efficiently address the medium term pandemic effects, the Company enforced the provisions of the Government Emergency Ordinance no. 37/2020 regarding the granting of facilities for loans granted by credit institutions and non-bank financial institutions to certain categories of debtors (“GEO 37/2020”) and the implementing rules.

Therefore, starting with June 2020 and until December 31, 2020, a grace period for the payment of the capital rates to the Financing Parties, was requested and granted to the Company, in order for it to be able to properly manage the difficulties arising from the drop in activity and of the flow of goods, on short and medium term and, consequently, the drop in cashing during this period of time. In these conditions, the capital rates that have been postponed for payment amounted Euro 4,912,000 and have been rescheduled during the grace period and therefore, the credit facility period has been extended with the grace period, in accordance with the provisions of article 2 para (2) of the GEO 37/2020. However, the interests and commissions related to the credit facility, as well as the commissions for the State Guarantee, for the year 2020, have not been postponed and have been paid in accordance with the credit facility agreement provisions.

Thus, the new maturity date of the credit facility is August 8, 2027 and the credit facility balance at December 31, 2020 was of Euro 35,484,200.

During the year 2020 the development of the Grain Terminal has been completed and the Terminal became fully functional during the second half of the year. The buildings have been functional since the beginning of May, in accordance with the taking – over certificate signed with Constanta Municipality. After the required tests for the proper parameters of the cells and equipment to be set up have been performed, until the end of the year the remaining equipment have been operational as well. Thus, until December 31, 2020, through the Grain Terminal there has been received and delivered a total grain quantity of 1,731,991 tons.

During the year 2020, the Company has maintained the greening activity for the Mineral Terminal by mean of eliminating the historical and periodical generated wastes by the specific of the performed activity. Therefore, during 2020 there have been processed recovered in a total quantity of 45,367 tons to homogeneous products of different ores having similar characteristics with the operated goods.

During the year 2020, the Company hold the Environmental Permit no. 130/12.05.2014 issued by the Constanta Environmental Protection Agency, valid until January 27, 2021. After that date, the Environmental Permit no. 24 has been issued.

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During the year 2020 have been fully performed all the applicable measures as per the compliance program, which is an integral part of the issued Environmental Permit.

Main economic-financial ratios

The analysis elements from this report are substantiated by the data in the annual financial statements drafted on 31.12.2020 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.

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 31.12.2020.

| Ratios | MU | Year 2019 | Year 2020 |
|-------------------------------|-------------|------------------|------------------|
| Handled tons MT | <i>Tons</i> | 8,788,996 | 5,225,335 |
| Handled tons GT | <i>tons</i> | 89,049 | 1,731,991 |
| Turnover | <i>Lei</i> | 119,887,694 | 89,549,921 |
| Total revenues, out of which: | <i>Lei</i> | 160,771,786 | 101,625,907 |
| <i>Operating</i> | <i>Lei</i> | 158,697,058 | 100,762,241 |
| <i>Financial</i> | <i>Lei</i> | 2,074,728 | 863,666 |
| Total expenses, out of which: | <i>Lei</i> | 144,466,395 | 100,453,387 |
| <i>Operating</i> | <i>Lei</i> | 139,243,393 | 94,555,791 |
| <i>Financial</i> | <i>Lei</i> | 5,223,002 | 5,897,596 |
| Net profit | <i>Lei</i> | 15,293,843 | 1,172,520 |
| Fixed assets | <i>Lei</i> | 442,260,715 | 446,397,272 |
| Cash available | <i>Lei</i> | 15,548,526 | 11,659,497 |
| Receivable | <i>Lei</i> | 24,268,185 | 20,241,396 |
| Stocks | <i>Lei</i> | 16,343,069 | 17,233,242 |
| Total debts | <i>Lei</i> | 214,230,232 | 217,458,931 |

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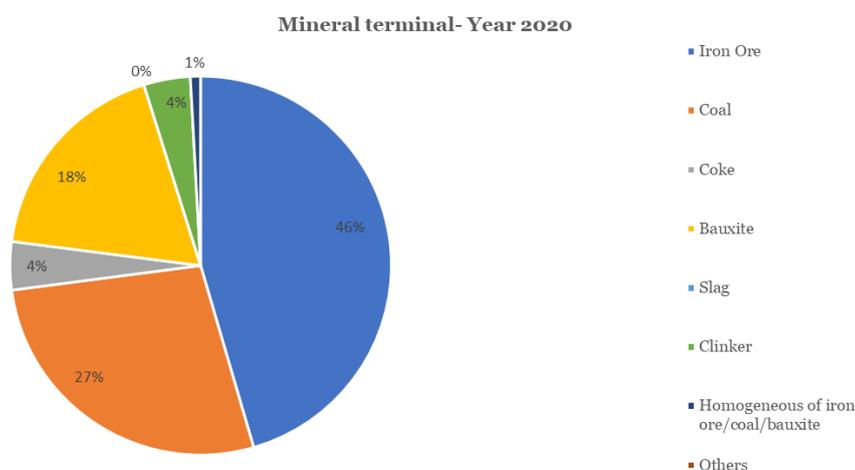
The Mineral Terminal operated in 2020 a total quantity of 5,225,335 raw materials tons, approximately 40% less than the quantity operated during the previous year (8,788,996 tons of bulk raw materials). During the entire year of 2020 there have been operated 113 maritime vessels, compared to 168 vessels during 2019.

Due to the decrease in activity or even closure of the ports because of Covid – 19 Pandemic, there have been registered global decreases/interruptions in the activity of many vehicle factories or other finished products plants. Such disruptions in activity have determined a significant decrease of the request for finished products/metal sheet. Furthermore, the economic crisis generated by the Covid-19 Pandemic determined the decrease of the purchase power, and therefore the decrease of the request for products of the above mentioned industries (e.g. vehicles).

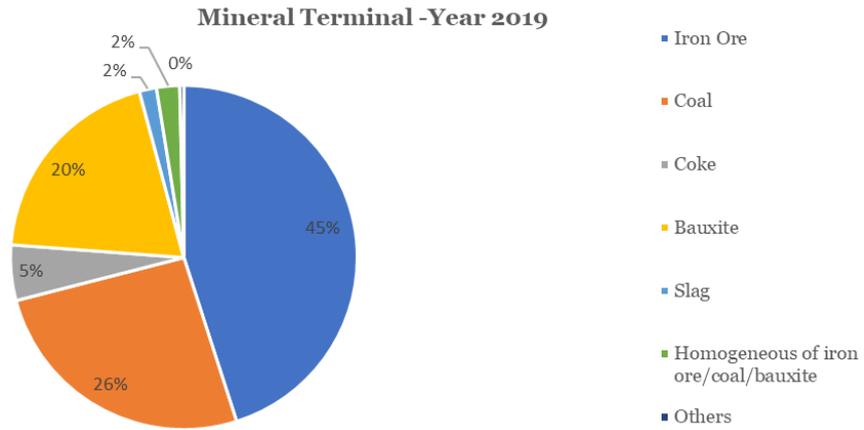
Consequently, the siderurgic plants had to reduce their production and therefore the request for raw materials has decreased, having a direct impact on the Company activity, as the port operator handling raw materials for the above mentioned industries.

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

| | Year 2019 | Year 2020 |
|----------------------------------|------------------|------------------|
| | tons | tons |
| Iron ore | 3,961,933 | 2,378,003 |
| Coal | 2,275,391 | 1,432,392 |
| Coke | 458,042 | 215,110 |
| Bauxite | 1,729,538 | 948,334 |
| Slag | 140,907 | - |
| Clinker | | 206,129 |
| Homogeneous of ores/coal/bauxite | 189,817 | 45,367 |
| Others | 33,368 | - |
| | 8,788,996 | 5,225,335 |

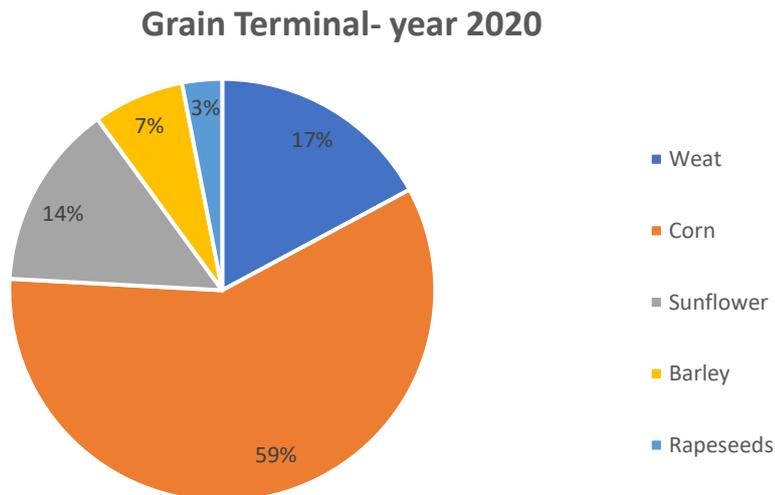


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The distribution by types of goods of the total handled quantity (tons) within Convex Grain Terminal is as follow:

| | Year 2020 |
|-----------|------------------|
| | tons |
| Wheat | 296.281 |
| Corn | 1.017.708 |
| Sunflower | 245.404 |
| Barley | 120.033 |
| Rapeseeds | 52.565 |
| | 1.731.991 |



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Total Revenues (lei)

| | Year 2019 | Year 2020 |
|--|--------------------|--------------------|
| Turnover, out of which | 119,887,694 | 89,549,921 |
| <i>Revenues from the sale of goods</i> | <i>38,505,888</i> | <i>8,087,952</i> |
| Other revenues | 38,809,364 | 11,212,320 |
| Financial revenues | 2,074,728 | 863,666 |
| Total revenues | 160,771,786 | 101,625,907 |

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

| Client | Year 2019 | Year 2020 |
|----------------------------|--------------------|-------------------|
| | RON | RON |
| Aria SE | 36,145,102 | - |
| Liberty Galați | 23,078,091 | 18,728,705 |
| Transport Trade Services | 15,183,971 | 13,249,714 |
| Vitol Elveția | 10,876,238 | 4,749,413 |
| CRH România | 9,166,796 | 10,535,400 |
| Alum Tulcea | 8,361,177 | 4,684,560 |
| Danube Transport Services | 2,885,151 | 6,582 |
| Brightroad Ltd | 2,070,152 | 475,633 |
| Viofeli | 1,843,803 | - |
| CRH Serbia | 1,654,538 | 663,821 |
| Chimpex | 1,383,760 | 1,431,895 |
| Danube Shipping Management | 1,322,716 | - |
| Sisecam | 1,141,154 | 1,385,678 |
| Steinweg | 664,718 | 229,977 |
| Others | 2,788,504 | 3,130,187 |
| Total turnover MT | 118,565,871 | 59,271,565 |
| Glencore | | 16.822.120 |
| Al Dahra | | 4.958.269 |
| Cargill | | 2.961.888 |
| TOI Commodities | | 2.375.203 |
| Global Grain International | | 1.782.858 |
| Cerealcom | 1.321.823 | 648.694 |
| Others | | 729.324 |
| Total turnover GT | 1.321.823 | 30.278.357 |
| Total turnover | 119,887,694 | 89,549,921 |

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The iron ore was handled for the steel factories of Galați – Romania and Smederevo – Serbia. The coal was unloaded for the complex of Dunajvaros in Hungary, energy coal for the thermal power stations of Romania and Bulgaria, and the anthracite coal, for the steel factories and cement factories of Bosnia and South Africa. The coke was dispatched to the steel factory in Serbia, Italy and Turkey and the factories CRH Romania and CRH Serbia. The destination for the bauxite was the alumina factory Alum Tulcea. The clinker was dispatched to the cement factories in Romania. The homogeneous was used by the CRH factory in Romania.

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).

The Mineral Terminal turnover has decreased significantly, with approx. 50% compared with the one registered the previous year, due to the reduced quantities of raw materials handled through the terminal as a direct consequence of the general uncertainty determined by the Covid-19 Pandemic. Therefore, while at the beginning of 2020 the Company had estimated a 25% decrease on the handled goods through the Mineral Terminal, as per the budget, the global economic situation has determined a greater decrease.

The grains handled through the Grain Terminal have been dispatched to Algeria, Tunisia, Spain, Holland, Morocco, Jordan, Greece, Saudi Arabia, South Correa, New Zealand, Belgium, Lebanon, France, Great Britain, Portugal, Italy, Turkey, Cyprus and Sudan.

For greening purpose in relation to the Terminal, by mean of eliminating historical and periodical generated waste by the specific of the activity carried out, during the year 2020, there have been processed and recovered waste in total quantity of 45,367 tons in the form of homogeneous products of various ores having similar characteristics with the handled materials.

Out of the total of 11,212,320 lei representing other revenues, 5,627,817 lei represent the entry into accounting of ores/coal/bauxite homogeneous.

The financial revenues represent favourable differences of foreign exchange rates.

Total Expenses (lei)

| | Year 2019 | Year 2020 |
|---|------------------|------------------|
| Personnel expenses | 29,272,089 | 30,825,641 |
| Expenses with materials, consumables, other auxiliary materials | 10,978,806 | 7,756,916 |
| Repairs expenses | 2,595,294 | 2,518,767 |
| Expenses for the sales of goods | 33,355,829 | 6,683,601 |
| Utilities expenses | 7,243,546 | 6,413,250 |
| Rent expenses | 8,429,557 | 7,538,827 |
| Depreciation expenses | 4,757,580 | 11,251,070 |

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| | | |
|--|--------------------|--------------------|
| Net expenses from reevaluation of fixed assets | 5,789,235 | 267,350 |
| Terminal greening expenses | 19,994,944 | 5,627,817 |
| Other operating expenses, including third parties services | 15,255,879 | 15,672,552 |
| Tax on profit and local taxes | 1,570,634 | - |
| Financial expenses | 5,223,002 | 5,897,596 |
| Total expenses | 144,466,395 | 100,453,387 |

Personnel expenses include the expenses related to personnel (wages and due contributions) as well as the directors. The increase in salary expenses is due both to the increase of the RON/EUR exchange rate (salaries being set in euros and paid at the average exchange rate of the month), but also to the increase of the number of employees from 299 at the end of 2019 to 321 employees at the end of 2020. The personnel increase was due to the performance of the Grain Terminal activity.

Expenses with goods mainly represent the entry into accounting of the homogeneous ores/coal/bauxite.

Out of the total rent expenses, the amount of lei 3,942,549 represents the rent paid to CN APM (during the year 2019 it was of Lei 3,919,796). In May 2019, the Company has won the claim over the ownership title for 3 technological platforms that were previously rented from CN APM and, respectively, for which the Company has previously paid rent. Within the claim, Comvex has argued the fact that the 3 three claimed platforms were designed by Iptana - the general designer of Constanța Port, to serve the mineral handling activity. Thus, in 1991, when it was divided the patrimony of the former Port Operations Company (“Întreprinderea de Exploatare Portuară”) between CN APM and Comvex, the platforms have been allocated by Iptana as being part of Comvex patrimony, but they were not effectively transferred into the accounts of Comvex. However, the rent expenses paid to CN APM have been slightly increasing compared to last year, due to the increase of the exchange rate (the rent being set in euros) and the indexation of the rent (for the rent established in national currency)

The rest of expenses with rents represent rents for specialized equipment and machineries for cargo handling activity, expenses that registered a decrease in 2020 compared to 2019 in close connection with the decrease in activity of the Mineral Terminal.

Depreciation expenses increased due to the start of operating some investments in relation to the Grain Terminal during the year 2020. On December 31, 2020 all fixed assets were analysed by an expert evaluator for the depreciation test, especially in view of the general economic situation generated by the Covid-19 Pandemic.

Given (i) economic-financial general context in which the Company is developing its activity, (ii) the fact that even if the activity of the Mineral Terminal is not a constant, but it is compulsory for the Terminal equipment to be adjusted in order to be able to handle all and any quantities from the highest point of the activity in direct relation to the commissioned vessels and the evolution of the related industry, it proved essential that the accountant policy to be revised in relation to the

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estimations regarding the consumption of future economic benefits that are incorporated within the depreciable assets.

Thus, during 2020, the Company has revised the accountant policy by implementing, starting with January 1, 2020, the depreciation method in accordance with the provisions of OMFP 1802/2014, article 240 point (1) para. d) “the depreciation calculated per unit of product or service” for tangible fixed assets that are directly involved in operating the total quantity that remained to be handled during the rest of the utilisation lifetime of Comvex Mineral Terminal equipment.

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 depreciate based on the method that was used until December 31, 2019, respectively straight line depreciation. In relation to the above mentioned assets, the depreciation shall be determined based on the entry value, by applying the straight line depreciation method during the utilisation lifetime of the assets.

Other operating expenses include expenses with insurances, telecommunications, as well as other services rendered by third parties.

Out of the total financial expenses amounting lei 5,897,596 lei, the amount of lei 1,107,719 represent the expenses with the interest related to the loans and leasing agreements, the rest representing negative exchange rate differences arising mainly from the revaluation of the credit facility contracted for the Grain Terminal. The total value of the capitalized interest in relation to the credit facility for the Grain Terminal was of lei 2,973,004. In accordance with the provisions of OMFP 1802/2014, the Company capitalized the interest related to the credit facility until the date the greatest part of the investment was full functionable.

Net profit

The Company registered in 2020 a net profit of lei 1,172,520, as compared to lei 15,293,843 in 2019. The profit decrease was generated by the turnover decrease as it was detailed above, based on the general economic situation generated by the Covid-19 Pandemic.

Fixed assets

In accordance with the applicable legal provisions, the Company reevaluated the existing fixed assets at the end of 2020, reflecting such reevaluation results with the Company`s accounting evidences. The surplus as well as the depreciation results of the reevaluation have been dully registered with the evaluation reserves, increasing or decreasing the value of the Company own capitals accordingly. For the assets for which there has not resulted a surplus value on previous years evaluations, or for which the previous reevaluation reserve was lower than the depreciation value, the difference remained to be covered was acknowledged as depreciation loss amounting lei 306,749 and registered with the profit and loss account for 2020. The surplus resulting in accordance with the reevaluation of the assets for which has been previously acknowledged a depreciation registered in accordance with the expenditure account, there has been registered on December 31, 2020 in the revenues account from fixed assets reevaluation amounting lei 39,399 and the positive difference was registered with the credit of the reevaluation reserves account.

During 2020 the development of the Grain Terminal was accomplished and the Grain Terminal became fully functional during the first half of the year. The buildings have been functional since the beginning of May, in accordance with the taking – over certificate signed with Constanta municipality. After the required tests in order for the proper parameters of the cells and equipment

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to be set up have been performed, the remaining equipment have been operational as well until the end of the year

Stocks

Stocks went up as compared to the end of 2019 due to starting the activity within the Grain Terminal. Out of the total of lei 17,233,242 stocks on December 31, 2020, the amount of lei 6,349,963 represents replacement parts.

Receivables

Receivables in balance on December 31, 2020 went down as compared to the end of 2019, this decrease being closely related to the decrease in turnover, as well as to the payment of the receivable to Viofeli.

At the end of 2019, out of the total of lei 24,268,185 receivables in stock, lei 1,911,095.10 represents receivables registered against the client Viofeli, representing invoices for loading/unloading services, storage and firefighting interventions.

In April 2019 Comvex concluded with Viofeli the contract no. 719 / 09.04.2019 for the handling of 6,000 tons of coal. At the client's request, in June was signed appendix no. 1 to supplement the quantity of coal handled in the Comvex Terminal, respectively up to 500,000 tons. From the information provided by the client, the coal unloaded in the Comvex terminal was to be expedite to Mintia Deva thermal power plant.

During the storage of the goods, it was found that this coal has a high potential for self-ignition, and in July, in the conditions of rising temperatures, the goods began to smoke and ignite, generating smoke and ash. The Company notified the customer and started specific procedures to limit fire outbreaks. For the actions taken in order to limit the effects of self-ignition of coal, the Company invoiced the value of the services performed, as agreed with the client Viofeli by another appendix to the service contract.

In order to recover the amount of lei 1,911,095 the Company submitted a claim with the Commercial and Maritime Arbitration Court attached to CCINA Constanța. As a consequence of the Court ruling, the Company was able to successfully tender during an auction the total quantity of 8,043.52 tons of coal from the goods brought by the client Viofely to Comvex Mineral terminal.

The uncollected balance from Viofeli, amounting lei 1,911,095.10 at the beginning of 2020, the Company was able to collect the amount of lei 1,640,746 by mean of selling the tendered coal, the difference amounting lei 270,349 representing loss during 2020. In order to recover this loss, the Company is currently carrying on with the applicable procedures for enforcing additional coal quantities that shall be further sold.

Short term investments and cash availability

The cash available on December 31, 2020 was of lei 11,659,497, compared to the amount of lei 15,548,526 available on December 31, 2019. The decrease of cash availability was directly determined by the turnover decrease, as well as the fact that an important part of the total cashed in amounts have been used for covering the required financial resources for the development of the Grain Terminal.

Debts

Out of the total of lei 217,458,931 debts in balance at the end of 2020, the amount of lei 183,482,823 represents the amounts due to credit institutions, out of which the amount of lei 172,786,763 (respectively Euro 35,484,200) represents the balance of the credit facility for financing the Grain Terminal. The balance of leasing financing amounts to lei 26,408, representing the equivalent of Euro 5,423.

Litigations

On December 31, 2020, the Company has more ongoing litigations with Compania Nationala Administratia Porturilor Maritime SA Constanta (CN APM), determined by Comvex`s refusals to pay the tariff for using the port infrastructure (UDP). In this respect there has to be mentioned that the Company refused to pay the invoices issued by CN APM representing the tariff for using the port infrastructure (UDP), taking into consideration the following aspects:

- Unilateral increase by CN APM of the UDP without complying with the contractual obligations, in the context of a pre-existing contract providing the parties` obligation to negotiate;
- 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 /m2/month to EUR 0.08/ 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 EUR 0.05 /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 EUR 0.05 /m2 is in the amount of lei 2,813,425.5 without VAT (invoices issued for April 2015 – September 2016), 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 EUR 0.03 /m2 amounts to lei 2,536,826.84 without VAT, amount which cannot impair the financial position of the Company because, as mentioned above, there is no contractual correspondent for that tariff.

On December 31, 2020, the total value of the refused penalties was of lei 7,901,918 (penalties calculated for all invoices refused to be paid, related both to the EUR 0.05 tariff as well as to the increased one from EUR 0.05 to EUR 0.08).

On December 23, 2020 Constanta Court issued Decision no. 1476/2020 in relation to File no. 6744/118/2015, dismissing the claim submitted by CN APM in relation to the payment refusal of the invoices issued during 30.01.2015 – 29.01.2016 as well as the related penalties. The above mentioned decision is not final. In March 2021 CN APM has filed an appeal against Decision no. 1476/2020.

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During 2020 the competent court finally decided in relation to the File no. 8671/118/2017 related to the claim against the Company filed by the plaintiff Raimondo de Rubeis regarding his mandate revocation. Therefore, through the decision no. 2169 issued on November 4, 2020 the Supreme Court ruled against the second appeal filed by Raimondo de Rubeis against the court ruling of March 14, 2019 and the court decision no. 171 of April 4, 2019 issued by the Constanta Court of Appeal.

Raimondo de Rubeis in his capacity as plaintiff, has also submitted with the Bucharest Court a claim regarding the annulment of purchase of a number of 40 shares issued by Comvex S.A. by Mrs. Drăgoi Anca Mihaela and Mrs Nicola Ruxandra Ioana and of a number of 2,050,000 shares issued by Comvex S.A, subscribed during the share capital increase by each of Mrs. Drăgoi Anca Mihaela and Mrs. Nicola Ruxandra Ioana. The claim is subject to file no. 27863/3/2019 and we should mention the following in relation to this file: during the hearing of January 17, 2020, the file was declined from the Bucharest Court to Constanta Court. At the date of the present report, the file is registered with Constanta Court under no. 27863/3/2019* and is pending to be solved.

The management of Comvex S.A. has taken all required measures in front of the competent courts until the date, contracting legal assistance and qualified representation for the Company, for the best interest of the Company.

Profit distribution

| | Lei |
|--|------------------|
| Gross profit as of 31.12.2020: | 1,172,520 |
| <i>Tax on related profit</i> | - |
| Profit after tax as of 31.12.2020: | 1,172,520 |
| <i>Legal reserves</i> | 58,626 |
| <i>Other reserves</i> | 0 |
| <i>Accounting loss covering</i> | 0 |
| Net profit to be distributed as of 31.12.2020 | 1,113,894 |

It is proposed to the General Meeting of Shareholders that the profit to be distributed on December 31, 2020 amounting lei 1,113,894, to remain undistributed.

Investment activity

In 2020, the total capital expenditure amounting lei 24,420,736, out of which lei 22,886,552 represent investments in tangible fixed assets in progress, lei 1,421,574 investment in constructions and equipment and lei 112,610 intangible assets.

The capital expenditure were registered in relation to the Grain Terminal and the upgrade of equipment and machines, as well as the purchase of new equipment. For the purpose of covering the final amounts for the development of the Grain terminal, during 2020, Solidmet S.R.L. shareholder has granted a loan for the Company amounting Euro 2,000,000.

Given the significant efforts of the Company, during 2020 was finalized the development of the Grain Terminal, which became full functionable within the second half of the year. The constructions were operational starting with the beginning of May, when the taking – over certificate was signed with Constanta municipality. After the required tests in order for the proper parameters of the cells and equipment to be set up have been performed, until the end of the year the remaining equipment have been operational as well.

The total storage capacity of Comvex Grain Terminal is of approx.. 200.000 mt, calculated for wheat. The storage area consists of 18 large flat-bottomed silo cells (12 x 10,000 mt and 6 x 10,900 mt), 6 small flat-bottomed silo cells (2,250 mt each) and 6 conical-bottomed cells.

COMVEX Grain Terminal is equipped with state-of-the-art handling equipment, supplied by AG Growth (Canada), a world leader in the grain handling industry. By designing and choosing the equipment, COMVEX opted for completely closed handling systems (belt and chain conveyors and bucket elevators). In addition, spot filters have been installed in critical areas, and truck unloading areas have suction systems.

The grain will be unloaded from barges, wagons and trucks and will be loaded on ships and trucks. The layout of the equipment of the Terminal ensures a great flexibility in operation. All equipment, systems and activities in COMVEX Grain Terminal will be fully monitored and automated by PC and PLC systems.

Implementing the SCADA system and the complete automation of the Terminal will ensure efficiency, data processing for smart decisions and communication of problems, which will help reduce downtime. In addition, the implementation of the Truck Management System and the Terminal Management System will minimize the various operational risks and ensure the smooth operation of the Terminal.

The SCADA system, Terminal automation, truck and Terminal management systems are provided by SIEMENS.

All of the above will provide for the customers of COMVEX Grain Terminal highly reliable services. The arrangement of the equipment and the automation solutions will give the possibility to mix cereals from any cell based on the predefined specifications and requirements of the clients. Meeting the specific requirements of customers, COMVEX Grain Terminal will be able to add value to the handled grain.

Revenues and expenses budget for 2021

Comvex`s orientation for 2021 is materialised in the continuous improvement and growth of its activity and maintaining the high-quality standards of the services provided for the clients.

The launch and promotion of the Grain Terminal represented a constant concern for Comvex representatives` at all levels, starting with the date the project has been launched in 2017. Comvex aims to promote the capacity of the Project, by way of emphasising 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 hereby 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 2021 is based on a total quantity of 3.8 million tons that shall enter the Mineral terminal and 2.25 million tons of cereals within the Grain Terminal. The envisaged quantities for both terminals have been estimated by taking into consideration all the agreements and discussions with all existent/potential clients. The personnel expenditures have been estimated based on the provisions of the required personnel to be gradually hired once the activity shall increase.

In relation to the mineral operating activity, it is estimated that the operated quantity of raw materials within Comvex Mineral Terminal shall increase in 2021, compared to 2020, based on the growth of the national and global economic activity.

Given the above, it is estimated that the turnover in 2021 generated only by loading and unloading raw materials shall increase with approximately 30% compared to previous year. Taking into consideration that during 2020 there have been registered revenues from storage and additional maintenance of the good`s temperature services performed for the client Vitol and the fact that there has not been yet envisaged any quantity to be operated for this client during 2021, we may assume that the total turnover from the Mineral Terminal shall be of approximately 15%.

The quantity that shall be received within the Grain terminal was estimated based on the agreements already concluded for the agricultural season 2020-2021 as well as further discussion with existing and/or potential clients for the agricultural season starting with June 2021.

Operational expenditure for 2021 has been budgeted based on the analysis of the previous year expenditure and adjustments based on new assumptions and the estimated activity volumes for 2021 in relation to each terminal.

Personnel costs have been estimated based on the existing employees, the provisions of the collective labour agreement as well as the required personnel to be gradually hired once the activity shall increase. The expenditure with the TESA personnel, as well as the expenses with technical personnel have been allocated between 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 utilities and equipment maintenance expenditure has been budgeted according to the preventive repair works and overhauls estimated to be necessary for

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the proper functioning of the equipment and machinery, considering their functional condition and age.

For the Grain Terminal the utilities and equipment maintenance expenditure has been budgeted according to equipment technical and functional parameter, utilities prices, respectively the required 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 2021.

Other expenditures included within the budget have been estimated based on the agreements concluded with service providers as well as historic values and the Company management assessment.

Financial expenses have been budgeted in accordance with the credit facility agreement and the related guarantee.

The estimates for 2021 for the Grain Terminal are:

- (i) Turnover 13.5 million euro;
- (ii) EBITDA 6.2 million euro;
- (iii) Net profit 2.4 million euro.

The estimates for 2021 for the Mineral Terminal are:

- (i) Turnover 14.2 million euro;
- (ii) EBITDA 1.6 million euro;
- (iii) Net profit 0.2 million euro.

It is proposed to the Ordinary General Meeting of Shareholders to approve the income and expenses for 2021, as they are presented to shareholders.

Impact of COVID-19

Towards the end of 2019, news on the virus SARS-CoV-2 (a virus of the Coronavirus viruses family) firstly appeared in China, with the World Health Organization (WHO) reporting a limited number of cases of people infected with an unknown virus on December 31, 2019. During the first months of 2020, this virus had spread globally, WHO declaring the coronavirus Pandemic in March 2020.

The general impact of the Covid-19 Pandemic on the global economy is a negative one, given that the economic activity itself has been reduced by the direct measures adopted and implemented by the world's governments to combat this Pandemic. Furthermore, many states have decided on temporary suspending the company's activity to prevent the spread of the new virus.

Although the total impact of the Pandemics cannot be yet determined at the date of the present Report, it is estimated that the negative impact of the Pandemic on the global commerce and consequently, on the Company's activity might be more severe than it was initially assessed. Certain currencies to which the Company is exposed have depreciated and the capital markets have registered constant losses during 2020. However, the situation created during 2020 significantly affected the estimates and the revenue and expenditure budget for 2020 and may also significantly affect any estimations and the revenue and expenditure budget for 2021.

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Nonetheless, given the current evolution of the Pandemic as well as the large scale use of the vaccine worldwide, it is expected an improvement of the global economy.

As the Pandemic is not yet fully manageable and it is constantly evolving as well as the fact that the Pandemic seems to have known a wave evolution across the world, the Company`s management finds it impossible to fully assess the impact of any future evolution of this Pandemic on any future financial position of the Company. However, based on the provisions made by the leaders in charge across the European Union, as well as national evolution, it is expected that during 2021 the Company`s economic situation to improve.

The management of the Company is constantly supervising the sanitary and economic situation and is implementing all and any possible measures for diminishing the impact of the Pandemic over Comvex.

Although we are not in the possession of any relevant information from our clients, we may assess that in case the supply chain for the plants and industries the Company is serves, could be interrupted or even significantly reduced for a longer period of time, a drop in the Company`s estimated incomes could be affected, compared to current financial provisions.

Furthermore, in relation to grain handling, the Company`s management had implemented all required measures in order to start operating the Terminal at its full capacity as soon as possible. This was possible during the second half of 2020.

In this respect, there has to be mentioned that during 2020, grain operating activity has also been affected by the special measures provided by the Romanian authorities during the state of emergency, respectively the provisions of Military Ordinance no. 8/2020 suspending/prohibiting the grain export during the state of emergency.

As the Covid-19 Pandemic represent a major shock for the European as well as global economy, and there is still actual the possibility that the applicability of the restrictive measures passed by the state authorities that could have a major impact on the economic activity to be expanded, there is the possibility that the incomes of the Company so suffer a negative impact including in 2021.

The Company management shall constantly supervise the evolution of the general situation and shall implement all required measures for limiting till exclusion the potential effects determined by the general situation upon the Company.

Fear of the virus and efforts to prevent its spread have led to significant changes in business and social models. Thus, the Company has adopted a series of measures in order to ensure the health and safety of employees and business partners, such as remote/work from home, implementing procedures for the division of the worker teams in shifts, the separation of staff and the provision of a program of flexible work, in order to ensure social distancing and compliance with hygiene rules as regulated by the instructions of public health authorities, as well as the establishing specific disinfection protocols within the Company, including in all areas where Comvex staff work.

Management will continue to monitor the potential impact of the coronavirus pandemic and will take all possible measures to mitigate any adverse effects on the Company's business.

Viorel Panait – President of the Board of Directors