

Translation from the Romanian language/The Romanian version shall prevail

COMVEX SA

STAND ALONE ANNUAL FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 DECEMBER 2020**

**Drawn up in accordance with the Order of the
Romanian Minister of Public Finance no. 1802/2014
and subsequent amendments**

COMVEX SA

STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR CONCLUDED 31 DECEMBER 2020

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Translation from the Romanian language/The Romanian version shall prevail

County Constanța
Entity COMVEX SA
Address: city Constanța
Port Precincts Berth 80-84
Phone 0241.639.016, fax 0241.639.010
Trade Registry number J13/622/1991

Ownership Private
Main activity
(NACE Group) Handling
NACE group code 5224
Sole registration code 1909360

BALANCE SHEET		(Code 10)		
	Row	Note	31 December 2019	31 December 2020
			(RON)	(RON)
A. FIXED ASSETS				
I. INTANGIBLE ASSETS				
1. Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	01	1a	<u>1.794.574</u>	<u>1.651.813</u>
TOTAL	02		1.794.574	1.651.813
II. TANGIBLE ASSETS				
1. Lands and buildings	03	1b	53.892.097	182.402.880
2. Technical installations and machines	04		147.915.532	241.443.860
3. Other equipment, tools and furniture	05		372.528	310.300
4. Tangible assets in progress	06		234.857.077	19.444.955
5. Advances	07		<u>3.428.507</u>	<u>1.143.063</u>
TOTAL	08		440.465.741	444.745.058
III. FINANCIAL ASSETS				
1. Shares in subsidiaries	09	1c	<u>400</u>	<u>400</u>
TOTAL	10		400	400
FIXED ASSETS - TOTAL	11		442.260.715	446.397.271
B. CURRENT ASSETS				
I. INVENTORY				
1. Raw materials and consumables	12		16.230.194	16.877.736
2. Finished products and goods				4.359
3. Advances	13		<u>112.875</u>	<u>351.147</u>
TOTAL	14		16.343.069	17.233.242
II. ACCOUNTS RECEIVABLE				
1. Trade receivables	15		20.475.998	18.109.173
2. Receivables from associates and jointly controlled entities	16	<u>8 i)</u>	1.152.145	250.000
3. Other receivables	17		<u>2.640.042</u>	<u>1.882.223</u>
TOTAL	18		24.268.185	<u>20.241.396</u>

Notes from 1 to 10 are integral part of the financial statements.

COMVEX SA

BALANCE SHEET

Code (10)

	Row	Note	31 December 2019 (RON)	31 December 2020 (RON)
IV. CASH AND BANK ACCOUNTS	19		15.548.526	<u>11.659.497</u>
CURRENT ASSETS - TOTAL	20		56.159.780	49.134.135
C. PREPAID EXPENSES	21		5.514.534	6.080.443
1. Amounts to be expensed in less than one year	22		1.156.488	1.436.880
2. Amounts to be expensed in more than one year	23		4.358.046	4.643.563
D. LIABILITIES: AMOUNTS TO BE PAID IN LESS THAN ONE YEAR				
1. Amounts due to credit institutions	24		26.343.501	35.588.430
2. Advances cashed for orders	25		56.662	63.962
3. Trade liabilities - suppliers	26		35.878.630	19.664.301
4. Other liabilities, including tax and social security payables	27		<u>4.855.944</u>	<u>4.509.047</u>
TOTAL	28		67.134.737	59.825.740
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES	29		(10.217.468)	(9.680.143)
F. TOTAL ASSETS LESS CURRENT LIABILITIES	30		436.401.293	441.360.691
G. LIABILITIES: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR				
1. Amounts due to credit institutions	31	4-8 c)	147.069.576	147.894.392
2. Amounts owed to associates and jointly controlled entities		8 i)		9.738.800
3. Other liabilities, including tax and social security payables	32		<u>25.919</u>	-
TOTAL	33		147.095.495	157.633.192
H. PROVISIONS				
1. Other provisions	34		<u>2.813.425</u>	2.863.425
TOTAL	35		<u>2.813.425</u>	<u>2.863.425</u>

Notes from 1 to 10 are integral part of the financial statements.

COMVEX SA

BALANCE SHEET

Code (10)

	<u>Row</u>	<u>Note</u>	<u>31 December 2019</u> <u>(RON)</u>	<u>31 December 2020</u> <u>(RON)</u>
I. INCOME IN ADVANCE				
1. Subsidies for investments	36		5.824.909	5.530.822
Amounts to be released in less than one year	37		398.999	425.418
Amounts to be released in more than one year	38		5.425.910	5.105.404
TOTAL	39		<u>5.824.909</u>	<u>5.530.822</u>
J. CAPITAL AND RESERVES				
I. SHARE CAPITAL				
1. Subscribed and paid up share capital	40	6 b)	<u>29.139.928</u>	<u>29.139.928</u>
TOTAL	41		29.139.928	29.139.928
II. SHARE CAPITAL PREMIUMS	42		41.553	41.553
III. REVALUATION RESERVES	43		91.117.620	81.275.823
IV. RESERVES				
1. Legal reserves	44		4.509.524	4.568.150
2. Other reserves	45		57.968.945	57.968.945
TOTAL	46		61.478.469	62.537.095
V. REPORTED PROFIT <u>Balance C</u>	47		89.957.193	101.650.377
VI. PROFIT OR LOSS OF FINANCIAL YEAR <u>Balance C</u>	48		15.293.843	1.172.520
Profit distribution	49		15.293.843	58.626
SHAREHOLDERS' EQUITY - TOTAL	50		281.066.463	<u>275.758.670</u>
SHAREHOLDERS' EQUITY – TOTAL	51		<u>281.066.463</u>	<u>275.758.670</u>

Authorised for issue and signed on behalf of the Board of Directors as at March 22, 2021:

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature _____

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL DIRECTOR

Signature _____

COMVEX SA
PROFIT AND LOSS STATEMENT

(Code 20)

	Row	Note	2019	2020
			(RON)	(RON)
1. Net turnover	01		<u>119.887.694</u>	<u>89.549.921</u>
Revenues from services rendered	02		81.331.806	81.461.969
Revenues from sales of goods	03		38.555.888	8.087.952
2. Revenues from production of tangible and intangible assets	04		2.085.784	4.151.400
3. revenues from revaluation of tangible assets	05	1 b)	594	39.399
4. Other operating revenues:	06		36.722.986	7.021.521
- out of which, income arising from subsidies for investments	07		<u>73.705</u>	<u>19.610</u>
OPERATING INCOME – TOTAL	08		158.697.058	100.762.241
5. a) Raw material and consumable Expenses	09		10.978.806	7.756.916
Other material expenses	10		377.463	571.839
b) Other external expenses (energy and water)	11		7.243.546	6.413.250
c) Merchandise expenses	12		33.355.829	6.683.601
Trade discounts received	13		173.441	28.715
6. Staff costs, out of which:	14		<u>29.272.089</u>	<u>30.825.641</u>
a) Wages and salaries	15	7 b)	27.350.774	28.799.564
b) Expenses with insurance and social security	16		1.921.315	2.026.077
7. a) Tangible and intangible assets value adjustment	17		4.088.703	11.251.070
a.1) Expenses	18		4.762.580	11.251.070
a.2) Revenues	19		673.877	-
b) Current assets value adjustment	20		376.973	570.167
b.1) Expenses	21		376.973	666.168
b.2) Revenues	22		-	96.001
8. Other operating expenses	23		<u>53.723.425</u>	<u>30.462.022</u>
8.1 External services expenses	24	8 j)	22.652.680	22.764.235
8.2 Other taxes and similar expenses; transfers and contributions due under special regulations	25		554.685	680.366

COMVEX SA
PROFIT AND LOSS STATEMENT

(Code 20)

	Row	Note	2019	2020
			(RON)	(RON)
8.3 Environment protection expenses	26		409	309
8.4 Expenses from revaluation of tangible assets	27	1 b)	6.463.111	306.749
8.5 Expenses related to calamities and other similar events	28			
8.6 Other expenses	29		24.052.540	6.710.363
Provisions Adjustments	30			
- Expenses	31		-	50.000
- Revenues	32		-	-
OPERATING EXPENSES – TOTAL	33		139.243.393	94.555.791
OPERATING PROFIT				
- Profit	34		19.453.665	6.206.450
9. Income from participating interests	35			
10. Interest income	36		4.069	3.898
11. Other financial income	37		<u>2.070.659</u>	<u>859.768</u>
FINANCIAL INCOME – TOTAL	38		2.074.728	863.666
12. Value adjustment in respect of financial assets and financial investments held as current assets	39			
- Expenses	40			
- Revenues	41			
13. Interest expenses	42		89.371	1.107.719
Other financial expenses	43		<u>5.133.631</u>	<u>4.789.877</u>
FINANCIAL EXPENSES – TOTAL	44		5.223.002	5.897.596
FINANCIAL PROFIT OR LOSS				
- Loss	45		3.148.274	5.033.930
TOTAL INCOME	46		160.771.786	<u>101.625.907</u>
TOTAL EXPENSES	47		144.466.395	<u>100.453.387</u>
PROFIT OR GROSS LOSS (A)				
- Profit	48		<u>16.305.391</u>	<u>1.172.520</u>
15. Income tax	49		1.011.548	-

Notes from 1 to 10 are integral part of the financial statements.

**COMVEX SA
PROFIT AND LOSS STATEMENT**

(Code 20)

	<u>Row</u>	<u>Note</u>	<u>2019</u>	<u>2020</u>
			<u>(RON)</u>	<u>(RON)</u>
16. NET RESULT OF THE FINANCIAL YEAR				
- Profit	50		<u>15.293.843</u>	<u>1.172.520</u>

Authorised for issue and signed on behalf of the Board of Directors at March 22, 2021 by:

ADMINISTRATOR
Name and surname PANAIT VIOREL
Signature_____

Unit's stamp

DRAWN UP BY,
Name and surname OPREA IRINA
Position FINANCIAL MANAGER
Signature_____

COMVEX SA

PROFIT AND LOSS STATEMENT

(Code 20

	<u>Note</u>	<u>2019</u> (RON)	<u>2020</u> (RON)
Cash flows from operating activities:			
Net cash flows from operating activities	9	43.314.527	5.895.419
Interest paid		(89.371)	(1.120.442)
Income tax paid		<u>(1.418.144)</u>	<u>-</u>
Net cash flow generated by operating activities		40.807.012	4.774.977
Cash flows from investment activities:			
Cash payments for acquisition of land and fixed assets, intangible assets and other long-term assets		(74.331.045)	(17.679.973)
Cash proceeds from sale of land and buildings, plant and equipment, intangible assets and other long-term assets		815.795	50
Interest proceeds		4.069	3.898
Cash payment for acquisition of participating interests or investments in financial assets		<u>-</u>	<u>-</u>
Net cash flow generated by investment activities		(73.876.600)	(17.676.025)
Cash flows from financing activities:			
Cash proceeds from loans		37.876.600	9.676.202
Cash repayment of loans		(6.074.264)	(2.834.436)
Loans received			(250.000)
Cash payments of the lessee for decrease of financial leasing liabilities		(636.726)	(807.726)
Effect on exchange rate fluctuations on loans and liabilities		3.662.948	3.227.979
Dividends paid		<u>-</u>	<u>-</u>
Net cash flow generated by financing activities		34.828.558	9.012.019
Net increase in cash and cash equivalents		2.124.389	(3.889.029)
Cash and cash equivalents at the beginning of the financial year		<u>13.424.137</u>	<u>15.548.526</u>
Cash and cash equivalents at the end of the financial year		<u>15.548.526</u>	<u>11.659.497</u>

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature _____

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL MANAGER

Signature _____

COMVEX SA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity Item	Balance at 1 January 2019 (RON) 1	Increases (RON) 2	Decreases/ Distributions (RON) 3	Balance at 31 December 2019 (RON) 4	Increases (RON) 6	Decreases/ Distributions (RON) 7	Balance at 31 December 2020 (RON) 8
Subscribed share capital (note o)	29.139.928	-	-	29.139.928			29.139.928
Share premium	41.553	-	-	41.553			41.553
Revaluation reserves	13.187.835	79.236.760	1.306.975	91.117.620	2.123.139	11.964.936	81.275.823
Legal reserves	3.694.254	815.270	-	4.509.524	58.626		4.568.150
Other reserves	43.490.372	14.478.573	-	57.968.945			57.968.945
Reported result representing the profit not distributed or loss not covered							
Credit balance	58.614.565	7.588.260	432.830	65.769.995			65.769.995
Reported result from first time adoption of IAS, except for IAS 29							
Credit balance	4.154.140	-	-	4.154.140			4.154.140
Reported result from correction of accounting errors							
Credit balance	1.783.997	-	-	1.783.997			1.783.997
Reported result from realised surplus from revaluation reserves	25.404.491	1.176.270	-	26.580.761	3.361.484		29.942.245

COMVEX SA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity	Balance at		Decreases	Balance at		Decreases	Balance at
	1 January 2019	Increases	/	31 December 2019	Increases	/	31 December 2020
Item	(RON)	(RON)	Distribution	(RON)	(RON)	Distributions	(RON)
	1	2	s	4	6	7	8
Profit or loss of the financial year							
Credit balance	7.612.510	15.293.843	7.612.510	15.293.843	1.172.520	15.293.843	1.172.520
Profit distribution	<u>457.080</u>	<u>15.293.843</u>	<u>457.080</u>	<u>15.293.843</u>	<u>58.626</u>	<u>15.293.843</u>	<u>58.626</u>
Total shareholders' equity	<u>186.666.564</u>	<u>103.295.133</u>	<u>8.895.235</u>	<u>281.066.463</u>	<u>6.657.143</u>	<u>11.964.936</u>	<u>275.758.670</u>

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature _____

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL MANAGER

Signature _____

COMVEX SA

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020

REPORTING ENTITY

1. These financial statements have been prepared by Comvex SA (the “Company”).

1 FIXED ASSETS

a) Intangible assets

	Concessions, patents, licenses, trademarks, similar rights and values and other Intangible assets <u>assets</u> (RON)
Gross value	
Balance at 1 January 2020	3.639.474
Increases	112.610
Ceded assets, transfers and other reductions	<u>39.653</u>
Balance at 31 December 2020	3.712.431
Accumulated value adjustments (*)	
Balance at 1 January 2020	1.844.900
Adjustments in the current financial year	255.371
Reductions or reversals	<u>39.653</u>
Balance at 31 December 2020	2.060.618
Net carrying amount at 1 January 2020	<u>1.794.574</u>
Net carrying amount at 31 December 2020	<u>1.651.813</u>

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NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020

b) Tangible assets

	<u>Lands and buildings</u> (RON)	<u>Technical installations and machines</u> (RON)	<u>Other plant, Equipment, tools and furniture</u> (RON)	<u>Tangible assets in progress</u> (RON)	<u>Advances</u> (RON)	<u>Total</u> (RON)
Gross Value						
Balance at 1 January 2020	53.892.097	147.915.532	372.528	234.949.968	3.433.507	440.563.632
Increases	132.029.635	107.604.765	85.849	22.886.552	481.593	263.088.394
Increases generated by the positive modification of the revaluation reserve	978.479	1.143.631	1.029			2.123.139
Increases generated by the revaluation of property, plant and equipment	17.035	19.737	2.627			39.399
Decreases caused by the negative modification of the revaluation reserve	1.020.070	7.580.626	2.758			8.603.454
Deductions generated by expenses from the revaluation of tangible assets	938	247.509	58.302			306.749
Decreases generated by the cancelation of the amortization calculated until the revaluation date	3.493.358	7.392.610	90.673			10.976.641
Ceded assets, transfers and other reductions	-	<u>19.060</u>	-	<u>238.298.674</u>	<u>2.767.037</u>	<u>241.084.771</u>
Balance at 31 December 2020	182.402.880	241.443.860	310.300	19.537.846	1.148.063	444.842.949
Accumulated Amortisation						
Balance at 1 January 2020	-	-	-	-	-	-
Amortisation registered during the financial year	3.493.358	7.411.668	90.673			10.995.699
Reductions due to revaluation	3.493.358	7.392.610	90.673			10.976.641
Reductions or reversals		<u>19.058</u>	-			<u>19.058</u>
Balance at 31 Decembrie 2020	-	-	-			-
Provisions						
Balance at 1 January 2020	-	-	-	92.891	5.000	97.891
Increases						
Decreases						
Balance at 31 Decembrie 2020				92.891	5.000	97.891
Net carrying amount at la 1 January 2020	<u>53.892.097</u>	<u>147.915.532</u>	<u>372.528</u>	<u>234.857.077</u>	<u>3.428.507</u>	<u>440.465.741</u>
Net carrying amount at la 31 Decembrie 2020	<u>182.402.880</u>	<u>241.443.860</u>	<u>310.300</u>	<u>19.444.955</u>	<u>1.143.063</u>	<u>444.745.058</u>

The amount of the interest capitalised in the current year related to the credit facility for financing the investment "Grain terminal" is worth RON 2.973.004. According to the provisions of OMFP 1802/2014, the

COMVEX SA

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020

Company capitalised the interest related to this bank credit until the most part of the investment was commissioned.

Revaluation of tangible assets

According to the accounting regulations in force, the Company revalued the existing tangible assets in its patrimony at the end of the financial year 2020, reflecting in the accounting its results. The surplus, respectively the minus resulting from the revaluation of tangible fixed assets was recorded at revaluation reserves, increasing or decreasing, as the case may be, the value of equity. In the case of depreciated assets for which there was no revaluation surplus recorded in previous years, or for which the previously revalued reserve was less than the impairment amount, the remaining uncovered difference was recognized as an impairment loss of 306.749 lei, recorded in the profit and loss account for 2020. The revaluation surplus of assets for which a decrease was previously recognized based on the expense account, was recorded on 31.12.2020 in the income revaluation income account of fixed assets in the amount of 39.399 lei, and the positive difference was registered in the credit of the revaluation reserves account.

Revaluations of tangible assets are performed regular enough so that the accounting value is not substantially different from the fair value set up on the balance sheet date.

The changes of revaluation reserve during the financial year are shown as follows:

	<u>31 December 2019</u>	<u>31 December 2020</u>
	(RON)	(RON)
Revaluation reserve at the beginning of the financial year	13.187.834	91.117.619
Differences from revaluation transferred in the current financial year	79.106.055	(6.480.315)
Transfer at the reported result of the surplus from revaluation reserves	<u>(1.176.270)</u>	<u>(3.361.481)</u>
Revaluation reserve at the end of the financial year	91.117.619	<u>81.275.823</u>

According to tax legislation in Romania, until 1st May 2009 revaluation reserves for tangible assets became taxable once their purpose was changed. Following the amendment of the Tax Code, effectively from 1st May 2009 differences from revaluation of fixed assets made after 1 January 2004, which are deducted through fiscal amortisation or expenses with disposals of assets when calculating the taxable profit, are taxable simultaneously with the deduction of tax depreciation, respectively at the moment when these fixed assets are disposed, as the case may be.

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NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020

Following the reflection in the accounting of the revaluation results, the adjustments for the depreciation of tangible fixed assets, registered in the previous years, were canceled, respectively, diminished by debiting the corresponding adjustment account, in correspondence with an income account.

c) Financial assets

The financial assets are evaluated at historical cost and in 2020 no events were registered leading to their depreciation.

On December 31st, 2020, the Company had no subsidiaries.

On December 31st, 2020, the Company owned securities under the form of participating interests in the following associated/jointly controlled entities:

<u>Subsidiary's name</u>	<u>Held percentage</u>	<u>Value of capital and reserves</u>	<u>Profit/ (loss) at 31 December 2020</u>
1. CDRV Associates SRL	20.00%	400.00	

2 PROVISIONS

<u>Type of provision</u>	<u>Balance at 1 January 2020</u>	<u>Into account</u>	<u>Transfers from account</u>	<u>Balance at 31 December 2020</u>
	(RON)	(RON)	(RON)	(RON)
Other provisions	2.813.425	50.000		2.863.425
Adjustments for the impairment of tangible assets	766.767			92.890
Adjustments for the impairment of participation securities held	3.472			3.472
Adjustments for loss of value of other fixed assets	82.035			82.035
Adjustments for the impairment of receivables related to tangible assets	5.000			5.000

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NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020

Adjustments for the impairment of current assets such as stocks	280.714	11.395		292.109
Adjustments for the impairment of assets	<u>5.709.272</u>		<u>381.530</u>	<u>5.327.742</u>
Total	<u>8.986.80</u>	<u>61.395</u>	<u>381.530</u>	<u>8.666.673</u>

The risks and uncertainties related to economic and social environment in which Comvex SA is operating were considered during the provisions estimation process.

Thus, at 31 December 2020 the Company had established the following provisions:

- Provisions worth 2.813.425 recorded for the payment refusals to CN APM due to non-fulfillment or default/wrong fulfillment of its obligations contractually assumed. More information about the CNAPM refusals can be found in the note Note 10 a) 1);
- Adjustments for impairment of property, plant and equipment;
- Value adjustments for stocks with no movement, slow movement, physically or morally obsolete. The adjustment value was set up based on the suppliers' offers and after the analysis conducted by the internal evaluation commission;
- Adjustments for the impairment of receivables related to property, plant and equipment;
- Adjustments for impairment of commercial receivables are established if there is objective proof that the Company will not be able to collect all the amounts on the set up due dates, as well as for the overdue receivables for over 365 days.

3 PROFIT DISTRIBUTION

The profit distribution during the financial year ended at 31 December 2020, along with the proposal for the distribution of the profit for year 2020, are as follows:

<u>Destination</u>	<u>Distribution in 2019</u>	<u>Proposal for distribution of profit from 2020</u>
	(RON)	(RON)
Profit distributed in:	<u>15.293.843</u>	<u>1.172.520</u>
- legal reserve	815.270	58.520
- other reserve	14.478.573	-
- undistributed	-	1.113.894

COMVEX SA

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020

4. LIABILITIES SITUATION

At 31 December 2020, the long term liabilities were as follows:

	<u>Between 1- 5 years</u>	<u>≥5 years</u>
Amounts due to financial/credit institutions	99.501.320	48.393.072
Amounts due to third party entities	<u>9.738.800</u>	-

As at 31 December 2020, Comvex has two active bank loan contracts for financing of the investments (see note 8 c) for details related to the loan contracts), for which were there have been constituted the following guarantees:

- Eximbank guarantee issued in the Name and in the Account of the Romanian State;
- First rank mortgage over some fixed assets - movable and immovable assets;
- Pledge over current accounts opened by the Borrower within Raiffeisen Bank and Eximbank;

During 2020, the Company obtained 2 banking facilities for working capital in total amount of EUR 2 million, EUR 1 million granted by Eximbank and EUR 1 million by Raiffeisen Bank, both financings being fully used by the end of the year 2020.

During 2020, Solidmet SRL has granted a loan for the Company amounting EUR 2.000.000 in order to cover the last amounts to be paid for the completion of the Cereals Terminal investment project.

5. ACCOUNTING POLICIES, PRINCIPLES AND METHODS

The main accounting policies adopted in preparing these financial statements are disclosed below.

A Basis for preparation of financial statements

1. General information

These financial statements have been prepared in accordance with:

- (i) The Accounting Law no 82/1991 republished in June 2008 ("Law 82");

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- (ii) Accounting regulations regarding the annual stand alone financial statements and annual consolidated financial statements, approved by the Order of the Minister of Public Finance of Romania 1802/2014 and subsequent amendments ("OMF 1802").

Considering the size criteria disclosed in OMF 1802, the Company fits in the category of medium and large entities.

The financial statements belong to COMVEX SA and include:

- Balance sheet,
- Profit and loss account,
- Statement of equity changes,
- Cash flows statement,
- Notes to annual financial statements.

These are accompanied by "Informative data" and "Non-current assets statement".

2. Use of estimates

The preparation of financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the respective period. Although these estimates are made by the Company's management based on the best information available as at the date of the financial statements, actual results may differ from these estimates.

3. Going concern

The financial statements have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future. In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows of each branch of activity: minerals terminal and grain terminal. For the minerals terminal, the management of the Company takes into consideration the operationing flows forecasted by the recurring clients for 2021, while for the grain terminal has made an analyses taking into consideration the operationing flows from the contracts already concluded in the last agricultural year as well as the cash potential given by the future commercial relations.

Based on these reviews, the management believes that the Company will be able to continue to operate in the foreseeable future and, therefore, the going concern principle is justified to be applied in the preparation of these financial statements.

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4. Measurement currency

Accounting is kept in Romanian language and in the national currency. Items included in these financial statements are disclosed in Romanian lei.

B Foreign currency translation

Foreign currency transactions of the Company are translated into the disclosure currency using the exchange rates communicated by the National Bank of Romania ('NBR') as at the dates of the transactions. At each month end, foreign currency monetary balances are translated into RON using the exchange rates communicated by NBR for the last banking day of the month. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, within the financial result. Advances do not represent monetary elements and are not the object of translation based on foreign exchange.

C Intangible assets

(i) Development expenses

Expenses for development generated by the practical application of research results or of other knowledge into a plan or a project related to the production of materials, devices, products, processes, systems or services, new or substantially improved before the start of production or of their commercial use, are recognized as intangible assets and are depreciated for the contract period or for their use period.

The intangible assets generated by development (or the development phase of an internal project) are recognized if the following criteria are met:

- a) its technical finalization is feasible so as to be available for use or sale;
- b) the management intends to finalize it and use or sell it;
- c) there is the capacity to use or sell it;
- d) it can be demonstrated how intangible assets may generate likely future economic benefits;
- e) there are available technical, financial resources and of other nature adequate to complete development and to use or sell the intangible asset;
- f) the expenses attributable to the fixed assets can be reliably evaluated for the period of its development;
- g) the expenses for development which do not meet the above-mentioned criteria are moved to expenses the moment they occur. The expenses for development which were moved to expenses are not capitalized in later periods.

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(ii) Concessions, patents, licenses, trademarks, rights and similar assets

The concessions, patents, licenses, trademarks, rights and similar assets are registered in the acquisition account or at their contribution value. Concessions received are reflected as intangible assets when the concession contract is concluded for a period and at a value set up for the concession. The concession depreciation is registered for its period of use set up according to the contract.

The patents, licenses, trademarks and similar assets are depreciated by the lineal method for a 3 years period.

(iii) Advance payments and other intangible assets

Within the advance payment and other intangible assets there are registered the advances paid to suppliers of intangible assets, IT software designed by the entity or purchased from third parties for its own needs, as well as other intangible assets.

The elements such as other intangible assets are depreciated by the lineal method for a 3-year period.

The expenses allowing the intangible assets to generate future economic benefits above the initially forecast performance are added to their original cost. Such expenses are capitalized as intangible assets if they are not an integral part of tangible assets.

D Tangible assets

1. Cost/ valuation

Tangible assets are initially evaluated at acquisition cost.

Fair values of property, plant and equipment revalued under OMF 1802 are updated with sufficient regularity so that the carrying amount does not differ substantially from that which would be determined using fair value at the balance sheet date. If there is no fair market information, the fair value is estimated based on the net cash flows or depreciated replacement cost. Management has updated the carrying amount of property, plant and equipment revalued under OMF 1802 at the balance sheet date on the basis of market information and it is satisfied that there is sufficient fair market information available to support fair value. If a fully depreciated tangible fixed asset can be used, it will be revalued when a new value and a new useful life are set, corresponding to the estimated period, to continue to be used.

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Starting 2006, tangible assets revaluation is performed at the fair value established based on evaluations usually made by qualified professionals in evaluation. Cumulated depreciation at revaluation date is removed from the gross accounting value of the asset and the net value is recalculated at the asset revalued value.

Also, the Company operates a series of tangible assets grouped on the two activities: grain terminal and minerals terminal, which operate intermittently and seasonally, in close connection with the operating flows coming from the clients.

The company proceeded to the revaluation of the tangible fixed assets existing in the patrimony at the end of 2020, with the reflection in accounting of its results.

The approach chosen by the Company was based on the use of an authorized external evaluator whose reasoning consisted in grouping the assets on the two activities: assets related to the operation and handling of bulk goods within the minerals terminal and assets related to the operation and handling of bulk goods within the grain terminal. Their valuation was performed by the Market Comparison Method (MCP) for those assets for which there is a free reference market and by Net Replacement Cost ("NPC"), respectively, followed by an impairment test for the remaining assets which by their nature and due to the high specialization degree, do not have a reference market, separately for each group of assets, considered to be two distinct units of "Cash Generating Units" ("UGN") including in the tangible assets used in the production activity, the assets in execution course and spare parts stocks that serve the respective activity.

Next for each terminal the methodology is the following:

- the expected revenues and expenses used in the test were correlated in euro considering that the tariffs related to the services performed are set in euro;
- based on these budgets, the EBITDA indicator was calculated for an explicit forecast period, being at a level of 40-45% within the grain terminal and respectively 21% within the minerals terminal;
- the estimated level of working capital takes into account the historical level of working capital at a level of 7% of revenues for both terminals;
- CAPEX type maintenance expenses are 10% of the depreciation expense for the minerals terminal and respectively 15% of the depreciation for the mineral terminal in the first year and the rest up to the amount of EUR 2 million is divided equally over the period of reference;
- the terminal value is given by the capitalization of the available cash flow with the capitalization rate which has in view a perpetual increase, using the long-term forecasted inflation rate in the euro area of 1.7%;
- the weighted average cost of capital is 8%, this indicator is used to calculate the present value of future cash flows. The value thus obtained is analyzed in counterpart with the net book value of each asset category.

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The transfer of the reserve from revaluation into the result carry-over is performed on the way the asset is used.

The fair values of the revalued tangible assets are updated regularly enough so that their accounting value is not substantially different from that which had been established using the fair value on the balance sheet date.

If a completely depreciated tangible asset can still be used, during its revaluation a new value and a new period of economic use are established, meeting the estimated period of further use.

The cost of a tangible asset also includes the initially estimated costs with its dismantling and move when it is decommissioned, as well as with the restoration of the location the assets is mounted on, when such costs can be estimated reliably and the Company has an obligation related to dismantling, move of the tangible assets and the location restoring.

The maintenance and repairs of tangible assets are registered on expenses when they occur and the significant improvements made to tangible assets, which increase their value or life span, or significantly increase the capacity to generate economic benefits, are capitalized.

Regular Inspections or overhauls are recognized as a component of a tangible assets element if they meet the recognition criteria as an asset and if they are significant. In such case, the value of the component is amortized for the period between two planned inspections. The cost of current revisions and inspections, other than those recognized as a component of the asset, represents the expenses for the period.

Tangible assets include those assets purchased for safety or environmental reasons which are necessary in order to obtain future economic benefits from other assets. Important spare parts and security equipment are registered as tangible assets when they are expected to be used over a period longer than one year. Other spare parts and service equipment are registered as stocks and are recognized in profit or loss when consumed.

2. Depreciation

Taking into account (i) the economic-financial context in which the Company currently operates, (ii) the fact that although the activity of the Mineral Terminal is not linear, it is necessary that the equipments of the Terminal to be dimensioned so that they can take over of high activity periods depending on the influx of ships and the evolution of the industries that serve them, resulted the need to reanalyze the accounting policy on estimating the expected consumption of future economic benefits incorporated in depreciable assets.

Thus, in 2020 the Company changed the accounting policy regarding the estimation of the expected consumption of future economic benefits incorporated in depreciable assets by applying, starting with 01.01.2020, the depreciation method according to OMFP 1802/2014, art. 240, point (1), paragraph d), respectively "amortisation calculated per unit of product or service" for tangible

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assets that directly contribute to the handling of the quantities remaining to be handled during the remaining life of the Convex Mineral Terminal equipment .

The other tangible fixed assets related to the Grain Terminal, respectively other common assets that serve both lines of activity, will continue to be depreciated according to the method used until 31.12.2019, respectively the linear depreciation. For these, amortisation is calculated at entry value, using the lineal method for the whole useful life of the assets, as follows:

<u>Asset</u>	<u>Years</u>
Constructions	between 20 and 50
Technical plants and machinery	between 5 and 24
Other plants, equipment and furniture	between 3 and 18

Amortization is calculated starting with the next month after the commissioning and until the full recovery of their entry value.

The lands are not amortized as they are regarded as having an indefinite life span.

In the case of tangible assets in conservation, there are no amortization expenses recorded during the conservation, but there is an expense recorded, regarding the adjustment for the depreciation found, determined by a depreciation test based on the future cash flows to be obtained.

3. Tangible assets sale/discarding

Tangible assets which are discarded or sold are written off the balance sheet together with the adequate cumulated amortization. Any profit or loss resulting as a difference between the income generated by its writing off and its unamortized value, including the expenses for such operation, is included in the profit and loss account, in "Other operating income" or in "Other operating expenses", as the case may be.

When the Company recognise in the accounting value of a tangible asset the cost of a partial replacement (replacement of a component), the accounting value of the replaced part, with the related amortization is written off the records.

4. Borrowing costs

The expenses with interests related to loans to finance the acquisition, construction or production of tangible assets for which the capitalization starting date comes after January 1st, 2015 are included in their production costs, to the extent they are related to the production period.

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5. Sale and leaseback

The selling and leasing transaction of the same asset by a financial leasing contract is treated as a financing transaction and the respective asset is kept in the patrimony.

6. Real estate investments

Real estate investments are represented by lands and buildings owned to get income from rents or to increase the capital value.

Real estate investments are subject to valuation rules applicable to tangible assets, as described above.

The transfers in or from the category of real estate investments are performed when there is a change in their use, manifest by:

- a) the Company starts/ceases using them (transfer between real estate investments category and tangible assets one);
- b) the start of refurbishment process for sale (transfer from real estate investments into stocks);
- or
- c) the start of an operational leasing (transfer from stocks into real estate investments).

E Impairment of tangible and intangible assets

At the end of the financial year, the value of the tangible and intangible assets elements is reconciled with the inventory results. To this end, the net accounting value is compared to the value set up based on the inventory, called inventory value. The differences found out in minus between the inventory value and the net accounting value of asset elements are registered in the accounting based on an additional depreciation in case of assets depreciable for which depreciation is irreversible or a depreciation adjustment or a value loss adjustment is made when the depreciation is reversible. The inventory value is set up depending on the good utility, its condition and the market price.

F Financial assets

Financial assets include the shares owned in affiliated entities, the loans granted to affiliated entities, the participating interests, the loans granted to entities the Company is related to by participating interests, as well as other investments owned as fixed assets.

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Financial assets are recognized in the balance sheet at the acquisition cost or at the value set up by their acquisition contract. The acquisition cost also includes the trading costs. The financial assets are evaluated later at their entry value, less the cumulated value loss adjustments.

G Inventories

Inventories are registered at the lowest value between the cost and the net achievable value. The cost is established by the method first in – first out (FIFO). The cost of finite products and in progress includes materials, labor force and the related indirect production expenses. Where required, provisions are made for stocks with slow movement, physically or morally obsolete.

The company manages a series of stocks (parts / spare parts), of strategic importance for the good development of the operational activity.

Most of these stocks were purchased in previous years, to be used for maintenance activities related to the fixed assets, as any unplanned shutdown generates significant costs for the Company. The Company does not have pledged inventories.

Commercial discounts granted by suppliers reduce the cost of inventories if they are still in the balance.

H Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

I Short term financial investments

These include the short-term deposits at banks and other short-term investments (bonds, shares and other securities acquired for the purpose of making a short-term profit). Short-term investments admitted to trading on a regulated market are valued at the balance sheet date at the bid value on the last day of trading, and those not marketed at historical cost less any possible adjustments for loss in value.

J Cash and cash equivalents

Cash and cash equivalents are shown in the balance sheet at their cost. In the cash flows statement, the cash and its equivalents include the petty cash, accounts with banks, short term financial investments, treasury advance payments, net of overdraft. The overdraft is shown in the balance sheet in the debts to be paid within a one-year period – amounts due to credit institutions.

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K Share capital

Ordinary shares are classified as own equity.

The expenses related to own capital instruments issuance are directly reflected in own capitals, on the line Losses related to own capital instruments.

When redeeming the shares of the Company, the amount paid will diminish the own equity. When such shares are later re-issued, the received amount (net of transaction costs) is recognized in own equity.

The differences of foreign exchange rate between the shares subscription moment and the transfer moment of their counter value do not represent gains or losses related to the issuance, redemption, sale, free assignment or annulment of the instruments of own equity of the entity, as they are recognized in financial income or expenses, as the case may be.

L Dividends

The dividends on ordinary shares are recognised in the shareholders' equity when declared.

M Borrowings

Short and long term borrowings are recognised initially at the proceeds received. Any difference between proceeds and the redemption value is recognised in the statement of profit and loss over the period of the borrowing contract.

Fees and bank commissions related to long term loans are recognized as prepaid expenses. Prepayments are to be released as current expenditure in installments over the repayment period of the loans.

If the Company has an unconditional right to defer the settlement of loans for at least twelve months after the end of the reporting period, the debts in question will be classified as long term liabilities. The other loans will be disclosed as short term liabilities.

The short-term portion of long-term borrowings is classified as "Debts: amounts to be paid in less than a year" and included together with interest accumulated at the balance sheet date in "Amounts due to credit institutions", from the Current liabilities.

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N Accounting for leases where the Company is the lessee

(1) Financial leasing agreements

The leasing contracts for the tangible assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the estimated present value of the lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate during the reimbursement period. The corresponding rental obligations are included either in current or non-current liabilities. The interest element of the finance cost is charged to the profit and loss statement over the lease period. The assets acquired under finance leases are capitalized and depreciated over their useful life.

(2) Operating lease agreements

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss statement on a straight-line basis over the period of the lease.

O Trade payables

Trade payables are recorded at the value of the amounts payable for the goods or services received.

P Provisions

Provisions for environmental restoration, restructuring costs and legal claims, as well as other provisions for risks and expenses are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Restructuring provisions comprise direct costs generated by restructuring, namely those necessarily generated by the restructuring process and not related to the entity's going concern.

No provisions are recognised for future operating losses. The value of pension provisions is set up by specialists in the field (actuaries).

Regarding onerous contracts (contracts in which unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be obtained), the present contractual obligation under the contract is recognized and measured as a provision. Before setting up a separate provision for an onerous contract, any loss is recognized from the depreciation of the assets allocated to the respective contract.

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Q Employee benefits

Pensions and other post retirement benefits

The Company, in the normal course of business, makes payments to health funds, pensions and state unemployment relief on behalf of its employees, at statutory rates. All employees of the Company are members of the Romanian State pension plan. These costs are recognised in the profit and loss statement together with the related salary costs.

The Company does not operate any other pension scheme or post retirement benefit plan and, consequently, has no obligation in respect of pensions.

R Capital subsidies

(1) Subsidies related to assets

Government subsidies, including non-monetary subsidies at fair value, are recognized when there is sufficient certainty that the entity will comply with the granting conditions and that the subsidies will be received.

Subsidies received for the purchase of assets like tangible assets are recorded as subsidies for investments and recognised in the balance sheet as deferred income. Deferred income is recognised in the profit and loss statement in the periods of recording expenses with depreciation or cassation or cease of assets purchased by the respective subsidy.

(2) Subsidies related to expenses

Subsidies related to current expenses are disclosed as income in the profit and loss statement in the period appropriate to the related expenses which these subsidies are to compensate for.

If in a period subsidies are cashed related to expenses not yet incurred, subsidies received do not represent revenues of that period.

S Taxation

Current income tax

The Company records current income tax based upon taxable income from the financial statements, in accordance with the relevant tax legislation.

For the profit invested in technological equipment, electronic computers and peripheral equipment, machines and household appliances, control and billing, in computer programs, as well as for the right to use computer programs, products and / or purchased, including under contracts financial leasing, and put into operation, used for the purpose of carrying out the economic activity, the tax

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exemption may be applied, in accordance with art. 22 paragraph (1) of Law no. 227/2015 on the Fiscal Code, with subsequent amendments.

The amount of the profit for which he benefited from the income tax exemption is distributed at the end of the financial year when the reserves are set up:

- Legal reserve;
- Other reserves.

T Revenue recognition

Revenues comprise the sold goods and provided services.

Revenues from goods sales are recognised when the Company has transferred the main risks and benefits related to the goods possession to the purchaser.

Revenue from rendering of services is recognised as the services are rendered.

Revenue arising from royalties is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Revenues from interests are recognised periodically and proportionally as the respective revenue is generated on an accountancy engagement basis.

Commercial discounts granted after invoicing are recorded in the profit and loss statement as part of operating income, in the position “commercial discounts granted”.

Dividends are recognised as revenue when the legal right to receive payment is established, namely at the date they are approved.

In these financial statements, income and expenses are shown at gross value.

Income from provisions writing back, respectively of depreciation or value loss adjustments are recorded separately, depending on their nature, at the moment the risk achievement or the expense becomes eligible.

U Turnover

The turnover represents the amounts invoiced and to be invoiced, net of VAT and discounts, in relation to the goods and services provided to third parties.

V Operating expenses

The operating expenses are recognised in the period they refer to.

Operating expenses include also expenses with commercial discounts received after invoicing.

The expenses related to the financial year are registered, irrespective of their payment date. Thus, the debts for which the invoice has not been received yet will be registered in the expenses or goods accounts.

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W Financial expenses

Financial expenses include: loss from receivables related to participations; losses on disposal of financial investments; unfavorable differences of foreign currency exchange rates; interests related to the financial year in progress; discounts granted to clients; losses from financial receivables and others.

Financial expenses are recognized in the period to which they refer.

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6. INVESTMENTS AND FINANCING SOURCES

a) Investment certificates, securities and convertible bonds

The Company did not issue other securities except for its own shares.

b) Share capital

The value of subscribed capital on December 31st 2020 amounted to RON 29.139.928 (31 December 2019 RON 29.139.928) representing 11.655.971 shares (December 31st, 2019: 11.655.971 shares). All shares are ordinary, fully subscribed and paid in on December 31st 2020. All shares have the same voting right and a nominal value of RON 2,5 /share (December 31st, 2019: RON 2,5 /share).

The structure of shareholders on December 31st, 2020 is the following:

	<u>Number of shares</u>	<u>Amount (RON)</u>	<u>Percentage (%)</u>
Solidmet SRL	3.576.953	8.942.383	30,6877
Liberty Holdco Galati&Skopje Limited	3.277.526	8.193.815	28,1189
Nicola Ruxandra-Ioana	2.050.040	5.125.100	17,5879
Dragoi Anca Mihaela	2.050.040	5.125.100	17,5879
Alti actionari-persoane fizice	493.961	1.234.902	4,2378
Alti actionari-persoane juridice	<u>207.451</u>	<u>518.628</u>	<u>1,7798</u>
Total	<u>11.655.971</u>	<u>29.139.928</u>	<u>100</u>

c) Shares issued during the financial year

During the year 2020 there were no changes in share capital evolution.

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7. INFORMATION REGARDING THE EMPLOYEES AND THE MEMBERS OF THE ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND OTHER KEY PERSONNEL

a) **Remuneration of the members of the administrative, management and supervisory bodies and other key personnel**

	Financial year ended on <u>31 December 2019</u> (RON)	Financial year ended on <u>31 December 2020</u> (RON)
<i>Salaries:</i>		
Administrators (*)	3.678.370	3.699.766
Directors	<u>4.565.711</u>	<u>4.239.395</u>
	<u>8.244.081</u>	<u>7.939.161</u>

(*) also includes the indemnity paid to the administrators as legal persons

	<u>31 December 2019</u> (RON)	<u>31 December 2020</u> (RON)
<i>Salaries payable as at the end of the period:</i>	<u>274.657</u>	<u>297.406</u>

b) **Employees**

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

	<u>2019</u>	<u>2020</u>
Administrative personnel	<u>67</u>	<u>56</u>
Personnel in production	<u>191</u>	<u>235</u>

Expenses with personnel include the following:

	<u>2019</u>	<u>2020</u>
Expenses for social security	<u>1.921.315</u>	<u>2.026.077</u>
Expenses with salaries and indemnities	<u>27.350.774</u>	<u>28.799.564</u>

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8. OTHER INFORMATION

a) Information regarding the Company

COMVEX S.A. was incorporated in 1991, being the biggest specialized terminal in operating solid raw materials in bulk from the Black Sea area, covering a surface of de 700.386 m² South of Constanța Port, Romania.

COMVEX terminal is a market leader, specialized in handling, storing and transshipping sold raw materials in bulk, such as: iron ores, coals, coke, bauxite, having complete and modern operating facilities located in Constanța Port.

COMVEX is the only terminal operating solid raw materials in bulk from the Black Sea area which can board high capacity “cape size” ships (up to 220,000 tdw), as it has an unloading sea quay made of 5 berths of total 1,400 m long and water depths ranging between 10.8 and 18.5 m. At the same time, the terminal enjoys a good geographical position with access to waterways network including the Danube.

In addition to the existing Mineral Terminal, COMVEX has developed a Grain Terminal in Dana 80, covering an area of approximately 60,000 sqm. The location offers important logistic advantages, such as: the deepest berth in the Black Sea, the vicinity with the barge terminal (proximity to the Danube-Black Sea Canal), for river transport from the Danube border, direct and easy access to the railway, direct access to the A2 motorway. Thus, COMVEX will offer grain producers in Romania, Hungary, Serbia, Bulgaria the possibility of delivering the production on high capacity vessels, from 100,000 to 120,000 tdw.

The total storage capacity of the COMVEX Grain Terminal is 200,000 mt. Storage capacity and operating rates are 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 bottom cells.

The company has implemented an integrated management system, certified on the ISO 9001: 2015 quality management standards, the environmental management system according to ISO 14001: 2015 and the occupational health and safety management system according to OHSAS 54001:2018. In addition, the cereal terminal is certified to the ISO 22000: 2018 (food safety management system) standard. It also complies with the requirements of the International Ship and Port Facility Security (ISPS) Code.

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b) Information regarding the subsidiaries, associated undertakings and entities under the common control of the Company is disclosed in Note 1 (c).

In the meaning of the provisions of Art. 7 pct. 26 of Law 227/2015 regarding the Fiscal Code, with further amendments and completions, the affiliated persons to Comvex Company are Solidmet SRL and Expert Placement Services Limited, both owning more than 25% of the equity interests. During 2020, Solidmet SRL has granted a loan for the Company amounting EUR 2.000.000 in order to cover the last amounts to be paid for the completion of the Cereals Terminal investment project.

c) Financing

On 31 December 2020, the Company has three bank loan contracts for investments in progress, as shown in the table below:

No	Bank	Credit Destination	Currency	Facility approved amount	Signing date	Final maturity	Balance at 31.12.2020
1	Raiffeisen Bank	Long term bank loan for financing the investments "Minerals unloading equipment from wagons" and "Automation of SADTV"	EUR	1.800.000	19.08.2015	30.06.2021	200.000
2	Raiffeisen Bank si Eximbank	Long term bank loan for financing the investment "Grain Terminal"	EUR	36.384.200	16.05.2017	08.08.2027	35.484.200
TOTAL							

In order to finance the investment "Grain terminal" on berth 80, the Company contracted in May 2017 a long-term bank loan of EUR 36,4 million. The financing was equally granted by Raiffeisen Bank and EximBank, also benefiting of a guarantee issued by EximBank In the Name and on Account of the Romanian State, amounting EUR 18,144 million.

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

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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.

d) Exceptional revenues and expenses

During 2020, exceptional revenues of RON 1.059.528 were registered, representing the auction award price of a quantity of 8.04.52 tons of coal brought into the Comvex Minerals terminal by the Viofeli client.

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 Viofeli to Comvex Mineral terminal.

From 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.

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e) **Leasing and leaseback operations**

At the end of 2020, the balance of leasing financing was RON 26.408, representing the equivalent of EUR 5.423,24 EUR. Leasing financing was contracted for the purchase of equipments and cars necessary for the activity.

f) **Fees paid to auditors / censors**

In 2020, the company paid the financial auditor the fees according to the contract concluded between the parties.

g) **Contingent liabilities and commitments undertaken**

The Company has the following commitments:

31 December 2020
(RON)

(i) Capital commitments

(ii) Commitments related to operational leasing contracts
in which the Company is tenant

(iii) Guarantees granted to third parties

1.299.103

(iv) Contingent debts

(v) Commitments related to pensions

h) **Commitments received**

31 December 2020
(RON)

Received pledges and guarantees (letters of bank guarantee
for paid advances)

2.027.863

Other received guarantees

562.807

Total

2.590.670

i) **Related party and jointly controlled parties transactions**

The company carried out the following transactions with related parties and jointly controlled parties:

Entity	Relation	Transaction
Solidmet SRL	Related party	Loan received
Quayside Trading SRL	Jointly controlled party	Client and Supplier
CRDV Associates SRL	Jointly controlled party	Loan granted

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(1) Aquisitions of good and services

	<u>31 Decembrie 2019</u> (RON)	<u>31 Decembrie 2020</u> (RON)
Aquisition of services		
<i>g) other jointly controlled parties</i>	<u>697.432</u>	<u>695.680</u>
Total	<u>697.432</u>	<u>695.680</u>

(2) Balances resulted from sales/aquisition of good and services

	<u>31 Decembrie 2019</u> (RON)	<u>31 Decembrie 2020</u> (RON)
Receivables		
<i>g) other jointly controlled parties</i>	<u>675.272</u>	<u>645.272</u>
Total	<u>675.272</u>	<u>645.272</u>

	<u>31 Decembrie 2019</u> (RON)	<u>31 Decembrie 2020</u> (RON)
Debts		
<i>g) other jointly controlled parties</i>	-	<u>131.848</u>
Total	-	<u>131.848</u>

Receivables relating to other jointly controlled parties represents the capital investment made for the improvement of a equipment rented for current activities of the Company. Debts relating to other jointly controlled parties represents to the rent recorded for that equipment. The capital investment has been transferred by sale to the owner of the equipment and is recovered by deduction it in installments from the monthly rent due.

(3) Borrowings for related parties

	<u>31 December 2019</u> (RON)	<u>31 December 2020</u> (RON)
Loans and interests		
<i>e) jointly controlled entities in which the entity is a shareholder</i>	<u>1.152.145</u>	<u>250.000</u>
Total	<u>1.152.145</u>	<u>250.000</u>

In 2020 was collected the amount of RON 1.152.145 representing the balance of the interest receivable related to the loan granted to CDRV Associates SRL, in which the Company has the quality of founder

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and holds 20% of its share capital. In November 2020, the Company granted a loan of RON 250,000 to CDRV in order to cover its expenses related to current operations as per object of activity.

(4) Loans received

	<u>31 decembrie 2019</u> (lei)	<u>31 decembrie 2020</u> (lei)
Loan received from:		
<i>a) related parties</i>	-	<u>9.738.800</u>
Total	-	<u>9.738.800</u>

During 2020, Solidmet SRL has granted a loan for the Company amounting EUR 2.000.000 in order to cover the last amounts to be paid for the completion of the Cereals Terminal investment project. The loan has a maturity of 5 years starting with 01.05.2020 and it is not an interest bearer. The loan was also presented in note 4 as a long-term debt.

j) Other expenses regarding third parties

Descriere	31.12.2019	31.12.2020
Maintenance and repairs expenses	2.595.294	2.518.767
Rent and royalties expenses	8.429.557	7.538.827
Insurance expenses	1.045.969	1.212.498
Studies and research	-	-
Exoenses related to training of personnel	42.947	12.722
Expenses related to collaborators (legal entities)	-	-
Commissions and fees	1.992.794	1.429.571
Protocol, advertising and publicity expenses	711.580	484.310
Transport of personnel	216.705	216.907
Travel and transfer expenses	544.618	69.755
Post and telecommunications expenses	410.912	581.090
Banking fees and commissions and similar services	809.651	1.009.974
Other third party services	5.852.653	7.689.814
Total	22.652.680	22.764.235

Regarding the maintenance and repair expenses, the company records those maintenance and revision costs that do not meet the capitalization criteria. Rent and royalties expenses include the rent paid to CNAPM for the port territory. The expenses with commissions and fees include also the costs representing the services

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provided by the lawyers with whom the company collaborates. Other expenses with the services performed by third parties refer mainly to draft surveys and other cargo inspection services, security services, IT support, etc.

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9. NET CASH FLOW FROM OPERATING ACTIVITY

	Financial year ended 31 December 2019 (RON)	Financial year ended 31 December 2020 (RON)
Operating activities:		
Net profit	15.293.843	1.172.520
Adjustments for net result reconciliation with the net cash used in operating activities:		
Value adjustment of tangible and intangible assets - net	10.551.221	11.518.420
Adjustments for provisions for current assets - net	376.973	570.167
Adjustments for provisions for financial assets - net		50.000
Provision adjustments for risks and charges - net		
Profit/(loss) from selling of tangible and intangible assets	(3.972)	(50)
Profit/(loss) from selling of financial assets or short term investments		
Income tax	1.011.548	
Interest income	(4.067)	(3.898)
Interest expense	<u>89.372</u>	<u>1.107.720</u>
Increase of cash generated from operations before changes in working capital	27.314.918	14.414.879
Changes in working capital:		
(Increase)/decrease in trade receivables		
Balance and other receivables	(6.126.754)	2.663.835
(Increase)/Decrease in inventories balance	(2.068.873)	(663.296)
Increase in trade payables balance and other payables	<u>23.195.236</u>	<u>(10.519.999)</u>
Net cash flow generated from operations	<u>42.314.527</u>	<u>5.895.419</u>

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10. CONTINGENCIES

(a) Litigations

(1) Starting 2015, Comvex refused the payment of invoices related to the use tariff of port area (UDP tariff) issued by Compania Nationala Administratia Porturilor Maritime SA Constanta (CN APM), based on the following considerations:

- Unilateral increase by CN APM of the use tariff of port area in mode, in the context of a pre-existing contract imposing the parties the negotiation obligation;
- CN APM failure/wrong accomplishment of its contractually assumed obligations.

In this sense, starting January 2015, Comvex refused to pay the increased tariff from EUR 0.05 /m²/month to EUR 0.08/ m²/month as the latter tariff had no correspondent in the contractual mechanism and starting April 2015, Comvex invoked the exception for failure to execute the counter services related to the use tariff of port area of EUR 0.05 / m²/month regulated in the contract with CN APM. In its payment refuses of use tariff of port area, COMVEX has consistently detailed the reasons underlying such refuses, attaching in this sense justifying photo boards, showing with no doubt CN APM failure/wrong meeting of its contractually assumed obligations.

The value of refuses related to the tariff of EUR 0.05 /m² reaches RON 2.813.425,5 without VAT, a provisioned amount, avoiding in this way the impairment of the future financial position of the Company. The total value of refuses related to the tariff of EUR 0.03 /m² amounts to RON 2.536.826,84 without VAT, an amount which cannot impair the financial position of the Company because, as mentioned above, there is no contractual correspondent for that tariff.

On 31 December 2020 the total value of penalties reached RON 7.901.918 (penalties calculated for all invoices rejected on payment related both to the EUR 0.05 tariff and for the increased one of EUR 0.08 euro).

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.

Considering the technical expertise reports made in this case, favorable to the Company, and the decision pronounced by the Constanța Court on 23.12.2020, at this moment the Company's Management evaluates minimum chances of admitting the appeal made by CNAPM.

(2) 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.

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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 and the next term in this case will be on 14.04.2021.

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.

The Company's management considers that none of the lawsuits presented in the Report will have a significant adverse effect on the Company's economic results and financial position.

(b) Taxation

The Romanian taxation system underwent multiple modifications in the last years and is in a phase of adaptation to the European Union legislation. As a result, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (currently, 0,02% per day of delay). In Romania, tax periods remain open for tax inspection for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated.

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature _____

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL MANAGER

Signature _____