

*Translation from the Romanian language/The Romanian version shall prevail*

**COMVEX SA**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2022**

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

**COMVEX SA**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR CONCLUDED 31 DECEMBER 2021**

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County Constanta  
 Entity COMVEX SA  
 Address: city Constanta  
 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 2021 (RON)	31 December 2022 (RON)
<b>A. FIXED ASSETS</b>				
<b>I. INTANGIBLE ASSETS</b>				
1. Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	01	1a)	<u>1.139.316</u>	<u>683.759</u>
<b>TOTAL</b>	<b>02</b>		<b>1.139.316</b>	<b>683.759</b>
<b>II. TANGIBLE ASSETS</b>				
1. Lands and buildings	03	1b)	182.011.293	176.508.638
2. Technical installations and machines	04		237.238.890	225.143.212
3. Other equipment, tools and furniture	05		1.078.479	903.412
4. Tangible assets in progress	06		14.069.407	23.498.989
5. Advances	07		<u>1.006.948</u>	<u>557.203</u>
<b>TOTAL</b>	<b>08</b>		<b>435.405.017</b>	<b>426.611.454</b>
<b>III. FINANCIAL ASSETS</b>				
1. Shares in subsidiaries	09	1c)	<u>400</u>	<u>400</u>
<b>TOTAL</b>	<b>10</b>		<b>400</b>	<b>400</b>
<b>FIXED ASSETS - TOTAL</b>	<b>11</b>		<b>436.544.733</b>	<b>427.295.613</b>
<b>B. CURRENT ASSETS</b>				
<b>I. INVENTORY</b>				
1. Raw materials and consumables	12		20.420.874	24.030.708
2. Finished products and goods			4.833	5.250
3. Advances	13		<u>474.341</u>	<u>2.295.669</u>
<b>TOTAL</b>	<b>14</b>		<b>20.900.048</b>	<b>26.331.627</b>
<b>II. ACCOUNTS RECEIVABLE</b>				
1. Trade receivables	15		25.807.353	48.652.137
2. Receivables from associates and jointly controlled entities	16	<u>8 i)</u>	397.272	397.272
3. Other receivables	17		<u>914.733</u>	<u>3.250.618</u>
<b>TOTAL</b>	<b>18</b>		<b>27.119.358</b>	<b>52.300.027</b>

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

COMVEX SA

**BALANCE SHEET**

	Row	Note	<u>31 December 2021</u> (RON)	<u>31 December 2022</u> (RON)
IV. CASH AND BANK ACCOUNTS	19		<u>18.463.924</u>	<u>103.305.936</u>
CURRENT ASSETS - TOTAL	20		66.483.330	181.937.590
C. PREPAID EXPENSES	21		6.433.596	5.305.284
1. Amounts to be expensed in less than one year	22		2.697.268	2.375.303
2. Amounts to be expensed in more than one year	23		3.736.328	2.929.981
<b>D. LIABILITIES: AMOUNTS TO BE PAID IN LESS THAN ONE YEAR</b>				
1. Amounts due to credit institutions	24	4,8c)	32.712.872	32.708.244
2. Advances cashed for orders	25		63.962	56.662
3. Trade liabilities - suppliers	26		16.224.427	40.593.136
4. Other liabilities, including tax and social security payables	27		<u>6.131.517</u>	<u>21.799.697</u>
TOTAL	28		55.132.778	95.157.739
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES	29		13.610.281	88.714.865
F. TOTAL ASSETS LESS CURRENT LIABILITIES	30		453.891.342	518.940.459
<b>G. LIABILITIES: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR</b>				
1. Amounts due to credit institutions	31	4,8 c)	127.464.046	109.576.005
2. Amounts owed to associates and jointly controlled entities		8 i)	9.896.200	<u>9.894.800</u>
3. Other liabilities, including tax and social security payables	32		<u>322.686</u>	<u>1.316.673</u>
TOTAL	33		137.682.932	120.787.478
<b>H. PROVISIONS</b>				
1. Provisions for taxes			-	<u>989.480</u>
1. Other provisions	34	2)	3.334.511	<u>10.352.855</u>
TOTAL	35		<u>3.334.511</u>	11.342.335

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

## COMVEX SA

**BALANCE SHEET**

	<b>Row</b>	<b>Note</b>	<b>31 December 2021</b>	<b>31 December 2022</b>
			<b>(RON)</b>	<b>(RON)</b>
<b>I. INCOME IN ADVANCE</b>				
1. Subsidies for investments	36		5.165.266	4.744.226
Amounts to be released in less than one year	37		437.539	440.289
Amounts to be released in more than one year	38		4.727.727	<u>4.303.937</u>
<b>TOTAL</b>	<b>39</b>		<u>5.165.266</u>	<u>4.744.226</u>
<b>J. CAPITAL AND RESERVES</b>				
<b>I. SHARE CAPITAL</b>				
1. Subscribed and paid up share capital	40	6 b)	<u>29.139.928</u>	<u>29.139.928</u>
<b>TOTAL</b>	<b>41</b>		<u>29.139.928</u>	<u>29.139.928</u>
<b>II. SHARE CAPITAL PREMIUMS</b>	<b>42</b>		41.553	41.553
<b>III. REVALUATION RESERVES</b>	<b>43</b>	1b)	76.490.045	71.639.267
<b>IV. RESERVES</b>				
1. Legal reserves	44		5.827.986	5.827.986
2. Other reserves	45		57.968.945	57.968.945
<b>TOTAL</b>	<b>46</b>		<u>63.796.931</u>	<u>63.796.931</u>
<b>V. REPORTED PROFIT</b>				
<b>Balance C</b>	<b>47</b>		107.550.050	113.528.355
<b>VI. PROFIT OR LOSS OF FINANCIAL YEAR</b>				
<b>Balance C</b>	<b>48</b>		32.387.501	104.360.675
Profit distribution	49		1.259.836	-
<b>SHAREHOLDERS' EQUITY - TOTAL</b>	<b>50</b>		<u>308.146.172</u>	<u>382.506.709</u>
<b>SHAREHOLDERS' EQUITY – TOTAL</b>	<b>51</b>		<u>308.146.172</u>	<u>382.506.709</u>

Authorised for issue and signed on behalf of the Board of Directors as at 16.03.2023:

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature \_\_\_\_\_

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL DIRECTOR

Signature \_\_\_\_\_

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

COMVEX SA

**PROFIT AND LOSS STATEMENT**

	<b>Row</b>	<b>Note</b>	<b>2021</b>	<b>2022</b>
			<b>(RON)</b>	<b>(RON)</b>
1. Net turnover	01		<u>161.235.635</u>	<u>356.917.155</u>
-out of which, the net turnover corresponding to the preponderant activity actually performed	02		<u>152.545.861</u>	<u>330.161.731</u>
Revenues from services rendered	03		157.152.745	332.059.236
Revenues from sales of goods	04		4.082.890	24.857.919
2. Revenues from operating subsidies	05		-	30
3. revenues from revaluation of tangible assets	06	1 b)	-	-
4. Other operating revenues:	07		8.563.075	25.232.712
- out of which, income arising from subsidies for investments	08		<u>23.465</u>	<u>26.593</u>
<b>OPERATING INCOME – TOTAL</b>	09		169.798.710	382.149.897
5. a) Raw material and consumable Expenses	10		11.333.110	18.643.425
Other material expenses	11		620.507	646.953
b) Other external expenses (energy and water)	12		12.152.819	22.831.124
-out of which expenses with energy (acc.6051)	13		10.941.295	21.851.546
-expenses regarding the consumption of natural gas (ct.6053)			733.724	646.299
c) Merchandise expenses	14		3.572.433	21.878.971
Trade discounts received	15		21.735	33.118
6. Staff costs, out of which:	16		<u>41.480.190</u>	<u>57.360.741</u>
a) Wages and salaries	17	7 b)	39.071.244	54.461.771
b) Expenses with insurance and social security	18		2.408.946	2.898.970
7. a) Tangible and intangible assets value adjustment	19	1 a) b)	<u>21.519.597</u>	<u>26.247.176</u>
a.1) Expenses	20		21.608.922	26.250.742
a.2) Revenues	21		89.325	3.566
b) Current assets value adjustment	22		<u>459.209</u>	<u>1.550.786</u>
b.1) Expenses	23		459.209	1.550.786
b.2) Revenues	24		-	-
8. Other operating expenses	25		<u>39.116.650</u>	<u>98.338.206</u>
8.1 External services expenses	26	8 j)	32.498.050	49.397.316
8.2 Other taxes and similar expenses; transfers and contributions due under special regulations	27		858.390	1.070.409

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

COMVEX SA

**PROFIT AND LOSS STATEMENT**

	<b>Row</b>	<b>Note</b>	<b>2021</b>	<b>2022</b>
			<b>(RON)</b>	<b>(RON)</b>
8.3 Environment protection expenses	28		313	541
8.4 Other expenses	31		5.759.897	47.869.940
Provisions adjustments	32		<u>471.086</u>	<u>8.007.824</u>
- Expenses	33		471.086	8.341.261
- Revenues	34		-	<u>(333.797)</u>
OPERATING EXPENSES – TOTAL	35		130.703.866	255.472.088
OPERATING PROFIT				
- Profit	36		39.094.844	126.677.809
9. Income from participating interests	37			
10. Interest income	38		1491	1.972
11. Other financial income	39		<u>1.582.869</u>	<u>5.735.999</u>
FINANCIAL INCOME – TOTAL	40		1.584.360	5.737.971
13. Interest expenses	44		4.005.392	4.005.771
Other financial expenses	45		<u>3.346.478</u>	<u>4.064.258</u>
FINANCIAL EXPENSES – TOTAL	46		7.351.870	8.070.029
FINANCIAL PROFIT OR LOSS				
- Loss	47		5.767.510	2.332.058
TOTAL INCOME	48		<u>171.383.070</u>	<u>387.887.868</u>
TOTAL EXPENSES	49		<u>138.055.736</u>	263.542.117
PROFIT OR GROSS LOSS (A)				
- Profit	50		<u>33.327.334</u>	<u>124.345.751</u>
15. Income tax	51		<u>939.833</u>	19.985.076
- Profit	52		<u>32.387.501</u>	<u>104.360.675</u>

Authorised for issue and signed on behalf of the Board of Directors at 16.03.2023 by:

ADMINISTRATOR  
 Name and surname PANAIT VIOREL  
 Signature \_\_\_\_\_

DRAWN UP BY,  
 Name and surname OPREA IRINA  
 Position FINANCIAL MANAGER  
 Signature \_\_\_\_\_

Unit's stamp

## COMVEX SA

**PROFIT AND LOSS STATEMENT**

	<u>Note</u>	<u>2021</u> (RON)	<u>2022</u> (RON)
<b>Cash flows from operating activities:</b>			
Net cash flows from operating activities	9	46.194.054	164.935.234
Interest paid		(3.992.669)	(4.005.771)
Income tax paid		<u>(131.964)</u>	<u>(16.315.550)</u>
<b>Net cash flow generated by operating activities</b>		42.069.421	144.613.913
<b>Cash flows from investment activities:</b>			
Cash payments for acquisition of land and fixed assets, intangible assets and other long-term assets		(12.077.064)	(19.963.346)
Cash proceeds from sale of land and buildings, plant and equipment, intangible assets and other long-term assets		220.417	200.446
Interest proceeds		1.491	1.972
<b>Net cash flow generated by investment activities</b>		(11.855.156)	<u>(19.760.928)</u>
<b>Cash flows from financing activities:</b>			
Cash proceeds from loans		4.948.982	9.723.708
Cash repayment of loans		(30.088.166)	(26.738.618)
Loans received		-	-
Cash payments of the lessee for decrease of financial leasing liabilities		(103.927)	(909.190)
Effect on exchange rate fluctuations on loans and liabilities		1.833.273	(877.768)
Dividends paid		<u>-</u>	<u>(21.209.105)</u>
<b>Net cash flow generated by financing activities</b>		(23.409.838)	(40.010.973)
<b>Net increase in cash and cash equivalents</b>		6.804.427	84.842.012
Cash and cash equivalents at the beginning of the financial year		<u>11.659.497</u>	<u>18.463.924</u>
Cash and cash equivalents at the end of the financial year		<u>18.463.924</u>	<u>103.305.936</u>

On December 31, 2022, the balance of cash and cash equivalents includes the cash amount of RON 8.821.197, restricted for dividend payments due to the Company's shareholders, payments that are made by the Central Depository through the designated payment agent in accordance with the legal provisions in force.

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature \_\_\_\_\_

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL MANAGER

Signature \_\_\_\_\_

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



COMVEX SA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<b>Shareholders' equity Item</b>	<b>Balance at 1 January 2021 (RON) 1</b>	<b>Increases (RON) 2</b>	<b>Decreases/ Distributions (RON) 3</b>	<b>Balance at 31 December 2021 (RON) 4</b>	<b>Increases (RON) 6</b>	<b>Decreases/ Distributions (RON) 7</b>	<b>Balance at 31 December 2022 (RON) 8</b>
Subscribed share capital (note 6b)	29.139.928	-	-	29.139.928	-	-	29.139.928
Share premium	41.553	-	-	41.553	-	-	41.553
Revaluation reserves (note 1b)	81.275.823	-	4.785.778	76.490.045	-	4.850.778	71.639.267
Legal reserves (note 3)	4.568.150	1.259.836	-	5.827.986	-	-	5.827.986
Other reserves	57.968.945	-	-	57.968.945			57.986.945
Reported result representing the profit not distributed or loss not covered							
Credit balance (note3)	65.769.995	1.113.894	-	66.883.890	31.127.665	30.000.138	68.011.416
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 (note 1b)	29.942.245	4.785.778	-	34.728.023	4.850.778		39.578.802

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

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity <u>Item</u>	Balance at			Decreases/			Balance at		
	<u>1 January 2021</u> (RON)	<u>Increases</u> (RON)	<u>Distributions</u> (RON)	<u>31 December 2021</u> (RON)	<u>Increases</u> (RON)	<u>Distributions</u> (RON)	<u>31 December 2022</u> (RON)		
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>7</b>	<b>8</b>		
Profit or loss of the financial year									
Credit balance	1.172.520	32.387.501	1.172.520	32.387.501	104.360.675	32.387.501	104.360.675		
Profit distribution (note 3)	<u>58.626</u>	<u>1.259.836</u>	<u>58.626</u>	<u>1.259.836</u>	=	<u>1.259.836</u>	=		
Total shareholders' equity	<u>275.758.670</u>	<u>38.287.173</u>	<u>5.899.672</u>	<u>308.146.172</u>	<u>140.339.118</u>	<u>66.978.581</u>	<u>382.506.709</u>		

Other reserves represent reserves established by the Company from the profits of the previous years, mainly representing amounts allocated for investments financed from its own sources. Out of the total amount of RON 57,968,945, the amount of RON 14,478,573 represents reserves established from the profit of the year 2019, for which the Company benefited from tax exemption on the reinvested profit. These amounts will be taxed during the tax period in which they are used. The rest of the amounts are reserves established from net profit.

ADMINISTRATOR

Name and surname PANAIT VIOREL  
Signature \_\_\_\_\_

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA  
Position FINANCIAL MANAGER  
Signature \_\_\_\_\_

**REPORTING ENTITY**

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

**1 FIXED ASSETS****a) Intangible assets**

	<b>Concessions, patents, licenses, trademarks, similar rights and values and other Intangible assets <u>(RON)</u></b>
<b>Gross value</b>	
Balance at 1 January 2022	3.811.395
Increases	184.029
Ceded assets, transfers and other reductions	22.792
Balance at 31 December 2022	3.972.632
<b>Accumulated value adjustments (*)</b>	
Balance at 1 January 2022	2.672.079
Adjustments in the current financial year	639.586
Reductions or reversals	22.792
Balance at 31 December 2022	3.288.873
<b>Net carrying amount at 1 January 2022</b>	<u>1.139.316</u>
<b>Net carrying amount at 31 December 2022</b>	<u>683.759</u>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

## b) Tangible assets

	<b>Lands and lands improv ements</b>	<b>Buildings</b>	<b>Technical installation s and machines</b>	<b>Other plant, Equipment , tools and furniture</b>	<b>Tangible assets in progres s</b>	<b>Advances</b>	<b>Total</b>
	<b>(RON)</b>	<b>(RON)</b>	<b>(RON)</b>	<b>(RON)</b>	<b>(RON)</b>	<b>(RON)</b>	<b>(RON)</b>
<b>Gross Value</b>							
Balance at 1 January 2022	37.086	187.574.737	252.503.572	1.175.301	14.072.972	1.011.950	456.375.618
Increases	-	577.631	5.656.917	78.901	13.568.250	(762.025)	19.119.674
Ceded assets, transfers and other reductions		-	<u>484.661</u>	-	<u>2.344.710</u>	<u>(321.439)</u>	<u>2.507.932</u>
Balance at 31 December 2022	37.086	188.152.368	257.675.828	1.254.202	25.296.512	571.364	472.987.360
<b>Accumulated Amortisation</b>							
Balance at 1 January 2022		5.600.530	15.264.683	96.822	-	-	20.962.035
Amortisation registered during the financial year	3709	5.914.820	17.294.138	253.352			23.466.019
Reductions due to revaluation		-	-	-			-
Reductions or reversals	-		<u>202.285</u>	-			<u>202.285</u>
<b>Balance at 31 Decembrie 2022</b>	3709	11.515.350	32.356.536	350.174			44.225.769
<b>Provisions</b>							
Balance at 1 January 2022			-	-	3.566	5.000	8.566
Increases		161.757	176.080	616	1.797.523	9.161	2.145.137
Decreases					<u>3.566</u>		<u>3.566</u>
<b>Balance at 31 Decembrie 2022</b>		161.757	176.080	616	1.797.523	14.161	2.150.137
<b>Net carrying amount at la 1 January 2022</b>	<u>37.086</u>	<u>181.974.207</u>	<u>237.238.889</u>	<u>1.078.479</u>	<u>14.069.406</u>	<u>1.006.950</u>	<u>435.405.017</u>
<b>Net carrying amount at la 31 Decembrie 2022</b>	<u>33.377</u>	<u>176.475.261</u>	<u>225.143.212</u>	<u>903.412</u>	<u>23.498.989</u>	<u>557.203</u>	<u>426.611.454</u>

**Revaluation of tangible assets**

On December 31<sup>st</sup>, 2022, the Company did not proceed to the revaluation of tangible assets, the last registered revaluation being as of 31.12.2020.

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:

	<b><u>31 December 2021</u></b>	<b><u>31 December 2022</u></b>
	<b>(RON)</b>	<b>(RON)</b>
<b>Revaluation reserve at the beginning of the financial year</b>	81.275.823	76.490.045
Differences from revaluation transferred in the current financial year	-	-
Transfer at the reported result of the surplus from revaluation reserves	<u>4.785.778</u>	<u>4.850.778</u>
<b>Revaluation reserve at the end of the financial year</b>	<u>76.490.045</u>	<u>71.639.267</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.

**c) Financial assets**

The financial assets are evaluated at historical cost and in 2022 no events were registered leading to their depreciation.

On December 31<sup>st</sup>, 2022, the Company had no subsidiaries.

On December 31<sup>st</sup>, 2022, the Company owned securities under the form of participating interests in the following associated/jointly controlled entities:

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

<u>Subsidiary's name</u>	<u>Held percentage</u> (%)	<u>Value of capital and reserves</u>	<u>Profit/ (loss) at 31 December 2022</u>
1. CDRV Associates SRL	20	<u>400</u>	=

**2 PROVISIONS**

<u>Type of provision</u>	<u>Balance at 1 January 2022</u> (RON)	<u>Into account</u> (RON)	<u>Transfers from account</u> (RON)	<u>Balance at 31 December 2022</u> (RON)
Provisions for taxes		989.480	-	989.480
Other provisions	3.334.511	7.352.141	333.797	10.352.855
Adjustments for the impairment of tangible assets	3.566	2.135.976	3.566	2.135.976
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	9.161		14.161
Adjustments for the impairment of current assets such as stocks	310.519	227.798		538.317
Adjustments for the impairment of assets	<u>5.768.542</u>	<u>1.313.926</u>	<u>9.062</u>	<u>7.091.530</u>
Total	<u>9.507.645</u>	<u>12.028.482</u>	<u>328.301</u>	<u>21.207.826</u>

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

Thus, at 31 December 2022 the Company had established the following provisions:

- Provisions worth RON 2.813.425 recorded for the payment refusals to CN APM due to non-fulfillment or default/wrong fulfillment of its obligations contractually assumed; provisions were

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also made for the penalties related to this amount, refused payment by Comvex, in the amount of RON 2,407,751. Information regarding the refusals formulated to CN APM can be found in Note 10 a)1;

- Provisions for unused holidays in the amount of RON 1,202,263;
- Estimated provisions for the bonus calculated for the fulfillment of the performance indicators evaluated on 31.12.2022 and the individual contribution made to the objectives and results of the Company (Key Performance Indicators) in the amount of RON 3,298,418.

At the end of 2022, the Company is the subject of a fiscal inspection whose object is the verification of the profit tax for the period 01.01.2017-31.12.2021, respectively the value added tax for the period 01.01.2017 - 31.10.2022. On 31.12.2022, the tax inspection is underway, and for possible additional tax obligations, including interest and related penalties, the Company has set up a provision in the amount of RON 989,480.

Adjustments for impairment of property, plant and equipment refers to:

- 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 individual depreciation of tangible assets;
- 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 2022, along with the proposal for the distribution of the profit for year 2022, are as follows:

<u>Destination</u>	<u>Distribution in 2021</u>	<u>Proposal for distribution of profit from 2022</u>
	(RON)	(RON)
Profit distributed in:	<b>33.387.501</b>	<b>104.360.675</b>
- legal reserve	1.259.836	-
- other reserve	-	-
- gross dividends	30.000.138	-
- undistributed	1.127.535	104.360.675

**4 LIABILITIES SITUATION**

At 31 December 2022, the long term liabilities were as follows:

	<b><u>Between 1- 5 years</u></b>	<b><u>≥5 years</u></b>
Amounts due to financial/credit institutions	109.576.005	0
Amounts due to third party entities	<u>9.894.800</u>	<u>0</u>
Other liabilities, including taxes and social security payables	<u>1.316.673</u>	

As at 31 December 2022, Comvex has a bank loan contract 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:

- First rank mortgage over some fixed assets - movable and immovable assets;
- Movable mortgage on current accounts opened by the Company at Raiffeisen Bank and Eximbank.

As at 31.12.2022, the Company has a financing facility for working capital in the amount of RON 4.943.436 (equivalent of euro 1 million) granted by Eximbank, fully used at the end of 2022. In March 2021, the Company accessed a bank loan in the form of an advance on a current account for current activity, in the amount of EUR 1 million. The loan was granted by Raiffeisen Bank, had a grace period of 12 months for capital repayments, and the final maturity on 15.12.2023. The balance of this facility on 31.12.2022 is RON 2,473,700.

**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: Mineral Terminal and Grain Terminal. For the Mineral Terminal, the management of the Company takes into consideration the operating flows forecasted by the recurring clients for 2023, while for the Grain Terminal has made an analyses taking into consideration the operating flows from the contracts already concluded in the last agricultural year as well as the cash potential given by the future commercial relations.

For the year ended December 31, 2022, the Company generated sufficient profits and liquidity and meets the financial indicators related to the contracted financing, thus managing the main obligations due on December 31, 2022.

The company took also in consideration the subsequent events (note 8k) and based on these analyzes, the management considers that the Company will be able to continue its activity in the foreseeable future and therefore the application of the principle of business continuity in preparing the financial statements is justified.

(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) 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.

**(ii) 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.

Starting 2006, tangible assets revaluation is performed at the fair value established based on evaluations usually made by qualified professionals in evaluation.

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.

Lastly, Management updated the carrying amount of property, plant and equipment revalued in accordance with OMF 1802 as of December 31, 2020 based on market information and found that there is sufficient market information available on fair value to support current fair values. On December 31, 2022, the management considered that there is no need for a new update of the book value, the premises considered for the revaluation of tangible assets on December 31, 2020 remaining valid. 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 accumulated depreciation at the revaluation date is deducted from the gross carrying amount of the asset and the net amount is recalculated to the revalued amount of the asset. The transfer of the revaluation reserve to retained earnings is made as the asset is used.

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

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.

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

The accounting policy regarding the estimation of the expected consumption of future economic benefits incorporated in the depreciable assets related to the Mineral Terminal takes into account (i) the economic-financial context in which the Company operates and (ii) the fact that, although the activity of the Minerals Terminal it is not a linear one, however it is necessary that the equipments of the Terminal be dimensioned so that they can take over the high activity periods, depending of the influx of ships and the evolution of the industries that serve them.

Thus, the accounting policy regarding the estimation of the expected way of consuming the future economic benefits incorporated in the depreciable assets applied for the Mineral Terminal is the depreciation method according to OMFP 1802/2014, art. 240, point (1), paragraph d), respectively "depreciation calculated per unit of product or service" for tangible assets that directly contribute to the handling of quantities remaining to be handled during the remaining life of the Comvex 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 straight-line method. For these, amortisation is calculated at entry value, using the straight-line 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 land is not depreciated as it is considered to have an indefinite lifespan.

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 the loans obtained for the acquisition, construction or production of tangible assets for which the starting date of the capitalization occurs after 2015, January 1<sup>st</sup>, are included in their production costs, in so far as they relate to the production period. Fees and bank charges related to long-term loans are recognized as expenses incurred in advance until the completion of the construction of the asset for which the loans were contracted, and will be transferred to expenses staggered, during the repayment period of those loans.

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.

**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.

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.

**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 until the completion of the construction of the asset for which the loans were contracted. 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.

**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.

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.

## **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 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.

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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.

**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.

**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 31<sup>st</sup> 2022 amounted to RON 29.139.928 (31 December 2021 RON 29.139.928) representing 11.655.971 shares (December 31<sup>st</sup>, 2021: 11.655.971 shares). All shares are ordinary, fully subscribed and paid in on December 31<sup>st</sup> 2022. All shares have the same voting right and a nominal value of RON 2,5 /share (December 31<sup>st</sup>, 2021: RON 2,5 /share).

The structure of shareholders on December 31<sup>st</sup>, 2022 is the following:

	<b><u>Number of shares</u></b>	<b><u>Amount (RON)</u></b>	<b><u>Percentage (%)</u></b>
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	482.677	1.206.693	4,1410
Alti actionari-persoane juridice	<u>218.735</u>	<u>546.838</u>	<u>1,8766</u>
<b>Total</b>	<b><u>11.655.971</u></b>	<b><u>29.139.928</u></b>	<b><u>100</u></b>

**c) Shares issued during the financial year**

During the year 2022 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 2021</u> (RON)	Financial year ended on <u>31 December 2022</u> (RON)
<i>Salaries:</i>		
Directors (*)	3.931.257	6.581.130
Management	<u>5.205.830</u>	<u>5.839.413</u>
	<u>9.137.087</u>	<u>12.420.543</u>

(\*) also includes the contributions paid, including contributions for daily travel allowances and benefits in the form of health insurance

	<u>31 December 2021</u> (RON)	<u>31 December 2022</u> (RON)
<i>Salaries payable as at the end of the period:</i>	<u>317.419</u>	<u>701.087</u>

b) Employees

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

	<u>2021</u>	<u>2022</u>
Administrative personnel	67	73
Operational personnel	<u>283</u>	<u>312</u>
	350	385

Expenses with personnel include the following:

	<u>2021</u>	<u>2022</u>
Expenses for social security	2.408.946	2.898.970
Expenses with salaries and indemnities	<u>39.071.244</u>	<u>54.461.771</u>

## 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 m<sup>2</sup> 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 Liberty Holdco Galati&Skopje Limited, both owning more than 25% of the equity interests

**c) Financing**

As of December 31, 2022, the Company has a bank loan contract for investments, as well as a financing agreement granted for the purpose of financing the current activity as presented in the table below:

<b>No</b>	<b>Bank</b>	<b>Destinati on</b>	<b>Ccy</b>	<b>Approve d amount</b>	<b>Signing date</b>	<b>Maturity</b>	<b>Balace as of 31.12.2022</b>	<b>Out of whitch short term</b>	<b>Out of whitch long term</b>
1	Raiffeisen Bank si Eximbank	Long-term bank loan to finance the "Grain Terminal" investment	EUR	38.384.200	16.05.2017	08.08.2028	27.260.200	5.112.000	22.148.200
		Equivalent in:	RON				134.867.113	25.291.108	109.576.005
2	Raiffeisen	Bank credit in the form of an advance on a current account for current activity	EUR	1.000.000	15.03.2021	15.12.2023	500.000	500.000	-
		Equivalent in:	RON				2.473.700	2.473.700	-
3	Eximbank	Short-term financing loan	EUR				1.000.000	1.000.000	-
		Equivalent in:	RON				4.943.436	4.943.436	
	TOTAL		EUR				28.760.200	6.612.000	22.148.200
	TOTAL	Equivalent in:	RON				142.284.249	32.708.244	109.576.005

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In order to finance the investment "Grain terminal" on berth 80, the Company contracted a long-term bank loan of EUR 36.4 million. The financing was equally granted by Raiffeisen Bank and EximBank, also benefiting until May 2022 of a guarantee issued by EximBank In the Name and on Account of the Romanian State, amounting EUR 18.144 million. In 2022, the Facility was extended with an additional amount of EUR 2 million granted to finance the increase in the capacity to unload grains from barges, repayable after the initial maturity period, respectively in 2028. The total Facility is repaid in quarterly installments, starting from September 2019 (according to the approval of the amendment of the contractual clauses dated 13.03.2019) and has a final maturity of August 8, 2028.

The balance of the credit facility, including the additional amount obtained in 2022, on December 31, 2022 was in the amount of RON 134,867,113 (EUR 27,260,200).

The credit agreement obtained for the financing of the Cereal Terminal contains a series of financial conditions ("financial covenants") that must be fulfilled by the Company every financial year.

The first test year was the financial year starting with the year ended 31 December 2021.

The indicators for 2022 are:

- Debt Service Coverage Rate - as a ratio between Cash Flow and Net Debt Service - having as a reference value  $> 1.4$

-The Indebtedness Indicator- as a ratio between Net Financial Debts and EBITDA- having as a reference value  $< 3$

On December 31, 2022, both indicators were met.

On 31.12.2022, the Company has a financing facility for working capital in the amount of RON 4,943,436 (the equivalent of 1 million EUR) granted by Eximbank, fully used at the end of 2022. In March 2021, the Company accessed a loan bank in the form of an advance on a current account for the current activity, in the amount of EUR 1 million. The loan was granted by Raiffeisen Bank, had a grace period of 12 months for capital repayments, and the final maturity on 15.12.2023. The balance of this facility on 31.12.2022 is in the amount of RON 2,473,700 (the equivalent of EUR 500,000).

**d) Leasing and leaseback operations**

At the end of 2022, the balance of leasing financing was RON 1.734.245 representing the equivalent of EUR 350.537. Leasing financing was contracted for the purchase of cars necessary for the activity.

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

In 2022, the company paid the financial auditor the fees according to the contract concluded between the parties.



**f) Contingent liabilities and commitments undertaken**

The Company has the following commitments:

	<b><u>31st of December 2022</u></b> <b>(lei)</b>
(i) Capital commitments	
(ii) Commitments related to operational leasing contracts in which the Company is tenant	
(iii) Guarantees granted to third parties	1.330.740
(iv) Contingent debts	
(v) Commitments related to pensions	

**g) Derivative instruments**

The company has no derivative instruments.

**h) Commitments received**

	<b><u>31st of December 2022</u></b> <b>(lei)</b>
Received pledges and guarantees (letters of bank guarantee for paid advances)	790.646
Other received guarantees	<u>41.295</u>
<b>Total</b>	<b><u>831.941</u></b>

**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 in 2020

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

**(1) Aquisitions of good and services**

	<u>31st of December 2021</u> (RON)	<u>31st of December</u> <u>2022</u> (RON)
Aquisition of services		
<i>a) other jointly controlled parties</i>	708.245	-

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

	<u>31st of December 2021</u> (RON)	<u>31st of December</u> <u>2022</u> (RON)
Receivables		
<i>a) other jointly controlled parties</i>	397.272	397.272

Receivables in relation to other related parties refer to capital investments made for equipment leased for the purpose of carrying out the Company's business.

**(3) Loans received**

	<u>31st of December 2021</u> (lei)	<u>31st of December</u> <u>2022</u> (lei)
Loan received from:		
<i>a) related parties</i>		
	<u>9.896.200</u>	<u>9.894.800</u>
<b>Total</b>	<u>9.896.200</u>	<u>9.894.800</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 Grain Terminal investment project. The loan has a maturity of 5 years starting with 01.05.2020 and 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**

<b>Descriere</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
Maintenance and repairs expenses	3.464.058	4.995.964
Rent and royalties expenses	8.275.671	11.421.243
Insurance expenses	1.455.309	1.828.807
Studies and research	-	-
Exoenses related to training of personnel	38.557	41.905
Commissions and fees	2.012.533	2.360.299
Protocol, advertising and publicity expenses	1.120.441	2.541.918
Transport of personnel	192.912	225.619
Travel and transfer expenses	164.308	713.842
Post and telecommunications expenses	586.038	582.895
Banking fees and commissions and similar services	2.060.510	1.849.594
Other third party services	13.127.714	22.835.230
<b>Total</b>	<b>32.498.050</b>	<b>49.397.316</b>

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 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.

**Other expenses**

Other expenses in the amount of RON 47,869,940 represent expenses with various services subcontracted from third parties (transport on Danube performed by TTS, loading services performed by DB Schenker) and integrated into the services offered to clients by the Company or, respectively, greening services of the mineral terminal carried out by Ropamial.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

**k) Turnover**

	<b>Financial year ended 31 December 2021 (lei)</b>	<b>Financial year ended 31 December 2022 (lei)</b>
Revenues from services	157.152.745	332.059.236
Revenues from sale of goods	<u>4.082.890</u>	<u>24.857.919</u>
	<u>161.235.635</u>	<u>356.917.155</u>

Revenues from services refer mainly to revenues rendered for bulk raw material handling and storage services, performed for the clients of both terminals belonging to the Company, respectively the Mineral Terminal and the Cereal Terminal.

The revenues from sale of goods refers to the revenues obtained from the valorisation/sale of homogenous of coal and iron ore obtained from the processing of materials mixes resulted as technological losses from handling operations in mineral terminal.

	<b>Financial year ended 31 December 2021 (lei)</b>	<b>Financial year ended 31 December 2022 (lei)</b>
Mineral Terminal turnover	77.137.536	233.544.062
Grain Terminal turnover	<u>84.098.099</u>	<u>123.373.091</u>
	<u>161.235.635</u>	<u>356.917.155</u>

The turnover recorded in both terminals increased significantly compared to the one recorded last year based on the significant increase in the quantities of materials handled, especially in the Mineral Terminal.

Thus, during 2022, the company's activity registered an important expansion against based on the increase in cargo traffic through the Port of Constanța, an increase generated by the aria geo-political context. Thus, as a result of the Russian-Ukrainian war and, implicitly, the closure and/or dramatic restriction of operations through Ukrainian ports, Romania became one of the main transport routes for goods from Ukraine, being used as a transit country. In addition, considering the increase in demand for port operation services, the tariffs applied in the Port of Constanța have also registered increases, generating important revenues and financial results to match.

**g) Subsequent events**

There are no significant subsequent events.

The Company's performance for January and February 2023 is in line with the Company's management expectations, but uncertainty about the geo-political situation in the region and national decisions related to it may impact the Company, as described in more detail in the Directors' Report. The Company's management closely monitors the situation and will take all necessary measures to reduce any impact.

**9 NET CASH FLOW FROM OPERATING ACTIVITY**

	<b>Financial year ended 31 December 2021 (RON)</b>	<b>Financial year ended 31 December 2022 (RON)</b>
<b>Operating activities:</b>		
Net profit	32.387.501	104.360.675
Adjustments for net result reconciliation with the net cash used in operating activities:		
Value adjustment of tangible and intangible assets - net	21.519.597	26.247.176
Adjustments for provisions for current assets - net	459.209	1.550.786
Adjustments for provisions for financial assets - net	471.086	8.007.824
Provision adjustments for risks and charges - net		
Profit/(loss) from selling of tangible and intangible assets	118.334	81.943
Income tax	939.833	19.985.076
Interest income	(1.491)	(1.972)
Interest expense	<u>4.005.393</u>	<u>4.005.771</u>
<b>Increase of cash generated from operations before changes in working capital</b>	59.899.462	164.237.277
Changes in working capital:		
(Increase)/decrease in trade receivables		
Balance and other receivables	7.795.109	(27.196.672)
(Increase)/Decrease in inventories balance	(3.562.020)	(3.838.050)
Increase in trade payables balance and other payables	<u>(2.348.279)</u>	<u>31.732.679</u>
<b>Net cash flow generated from operations</b>	<u>46.194.054</u>	<u>164.935.234</u>

**10 CONTINGENCIES AND OTHER LITIGATIONS**

**(a) Litigations**

- (1) On December 31, 2022, the Company has several ongoing litigations with Compania Nationala Administratia Porturilor Maritime SA Constanta (CN APM), determined by Comvex`s refusal to pay the tariff for using the port infrastructure (UDP), taking into consideration the following aspects:
- Unilateral increase by CN APM of the tariff for using the port infrastructure in the context of a pre-existing contract providing the parties` obligation to negotiate;
  - CN APM`s non fulfilment/faulty fulfilment of its contractually assumed obligations.

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

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

The total value of the refusals related to the tariff of 0.03 euro /m2 amounts to RON 3.666.926 without VAT, amount which cannot impair the financial position of the Company because, as mentioned above, there is no contractual correspondent for that tariff, the Company not recognising any adjustments in the financial statements. We mention that the claims of CNAPM regarding the payment of the counter value of the tariff for using the port infrastructure increased with 0.03 euro /m2/month were already rejected by the Court as having no merits, thusly CNAPM transmitted until now part of the invoices for cancellation of the tariff of 0.03 euro /m2.

On December 31, 2022, the total value of the refused penalties was of RON 6.074.677 from which the amount of RON 2,407,751 represents refused penalties for the tariff of 0.05 euro/m2 and the difference of RON 3.666.926 - represents refused penalties for the increased tariff of 0.05 euro/m2 to 0,08 euro (for which CNAPM did not issue cancellation invoices). We make the same mention that CNAPM has already cancelled part of the penalties for the increased tariff of 0,03 euro/m2. The Company did not recognise any adjustments in the financial statements for the refused penalties. The amount of RON 2,407,751 representing refused penalties related to the rate of 0.05 EUR/m2 was fully provisioned in 2022.

On December 23, 2020 by means of Decision no. 1476/2020 ordered in File no. 6744/118/2015, the Constanta County Court dismissed entirely the claim submitted by CN APM by which they requested the obligation of Comvex to the payment of the amount representing the UDP invoices refused to be paid during the period of 30.01.2015 – 29.01.2016 as well as the related penalties. CN APM has filed an appeal against Decision no. 1476/2020.

By Civil Decision no. 412/07.10.2021 ordered by the Constanta Appeal Court was admitted the appeal introduced by CN APM SA, was partly changed the appealed decision, respectively the related requests were partly admitted, the defendant Comvex SA was obliged to the payment to the plaintiff CN APM SA of the amount of RON 1,924,807.23 representing the tariff for using the port infrastructure calculated for the period of 30.01.2015 – 14.01.2016 at the level of 0,05 euro/m<sup>2</sup> and to the payment of delay penalties relative to the tariff for using the port infrastructure calculated at the level of 0,05 euro paid late. The rest of the claims relative to the payment of the counter value of the tariff for using the port infrastructure increased with 0,03 euro/m<sup>2</sup>/month were rejected as having no merits.

Both Comvex and CN APM introduced appeal against the decision of the Constanta Appeal Court in file 6744/118/2015. The appeal introduced by Comvex targets the request regarding the obligation to the payment of the amount of RON 1,924,807.23 representing the tariff for using the port infrastructure of 0,05 euro/m<sup>2</sup> and the relevant penalties, and the appeal introduced by CN APM targets the Court's solution of rejection the request to increase the tariff for using the port infrastructure from 0,05 euro/m<sup>2</sup>/month to 0,08 euro/m<sup>2</sup>/month.

Taking into consideration the technical expert assessment reports performed for the file, favourable to the Company, the decision ordered by Constanta County Court on 23rd of December 2020, the superficiality of the reasoning of the appeal decision, the Management of the Company assesses the admission of CN APM's appeal as having minimum chances and respectively real changes for admission for Comvex's appeal.

Against decision no. 412/7.10.2021 ordered by the Constanta Appeal Court, the Comvex Company introduced revision as well. By the decision issued on 25.05.2022 by the Constanta Court of Appeal, Civil Section II, it was ordered to suspend the trial of the case until the resolution of the appeal in file 6744/118/2015, pending before the High Court of Cassation and Justice.

By the Closing of 01.03.2023 the High Court of Cassation and Justice admitted the request made by Comvex and referred the Constitutional Court to the resolution of the exception of unconstitutionality of the provisions of art. 483 para. 2 Civil Procedure Code.

At the same time, the High Court of Cassation and Justice suspended the judgment of the appeals declared by Comvex and CN APM until the resolution of the exception of unconstitutionality.

## **(2) Other disputes**

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

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

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



**(b) Processing of personal data**

With effect from 25 May 2018, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95 / 46 / EC ("Regulation") applies in all Member States of the European Union, including Romania. Failure to comply with the Regulation and national legislation on the protection of personal data may result in fines of up to 4% of the overall turnover of the Company or EUR 20 million, whichever is greater.

In this context, the Company has taken the necessary steps to ensure compliance and implementation of the provisions of the Regulation, as well as the national legislation on data protection. However, despite the Company's efforts to ensure compliance with the Regulation, we cannot guarantee that the relevant authorities with the power of interpretation and control, in particular the Supervisory Authority for Personal Data Processing ("ANSPDCP"), with general competence in the field of The protection of personal data will embrace the same conclusions, as they ultimately have the power to assess the compliance of a processing activity with data protection regulations, whenever it exercises control powers. Thus, ANSPDCP may issue opinions different from those expressed and / or implemented by the Company, which may lead to the application of sanctions and implicitly to the impact of the Company's operations or its financial position.

**(c) 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, 0,03% 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 \_\_\_\_\_