

COMVEX

DIRECTORS REPORT FOR THE FINANCIAL YEAR 2019

General introduction

COMVEX S.A. was incorporated in 1991, being the largest bulk raw material handling terminal in Black Sea area, covering a surface of de 700,386 m² in South of Constanta Port, Romania.

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

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

COMVEX is the only terminal for the operation of solid bulk goods in the Black Sea area that is able to cater for Cape size vessels of up to 220,000 tdw, holding a discharge line at the maritime quay formed of 5 berths with a total length of 1,400 m and water depth comprised between 10.8 and 18.5 m. In addition, COMVEX benefits geographically from having access through the waterway network which includes the Danube.

Due to its location and excellent access potential to industrial plants in Europe, COMVEX is able to provide its customers, such as major mining companies from Australia, Brazil, India, Africa, USA and Canada, the ability to make deliveries to industrial plants in Romania, Hungary, Austria, Ukraine, Bulgaria, and Serbia, on a "just in time" basis.

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

The Company has implemented an integrated management system, being certified on quality management standards ISO 9001:2015, environment management system according to ISO 14001:2015 and health and security at work management system according to OHSAS 18001:2007. It is also compliant with the requirements of the International Ship and Port Facility Code Security (ISPS).

The Company carries out its activity by applying internal control norms and procedures, by complying with the requirements of all hierarchic and operational levels: approval, authorization, verification, operating performances assessment, assets securing, separation of positions. As for the

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human resources policy, the Company considered its employees' professional training according to the position assignments and responsibilities. To assess the internal control, the Company's management implemented the Internal Organization Rule and the internal procedure manuals. The internal auditors are those assessing the internal control system of the Company and they offer an impartial and professional analysis of the organization risks.

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

Information on shareholders

Comvex is traded on the Alternative Trading system managed by the Bucharest Stock Exchange (AeRO), having the symbol CMVX. Its share capital amounts to RON 29,139,927.5, divided in 11,655,971 nominative, dematerialized shares, with a nominal value of RON 2.5 lei/share. The shareholders ledger is managed by the Central Depository S.A.

On 31.12.2019, the structure of shareholders was:

Shareholder	No. of shared	Percentage (%)
Solidmet SRL	3,576,953	30.6877%
Expert Placement Services Limited	3,277,526	28.1189%
Nicola Ruxandra-Ioana	2,050,040	17.5879%
Dragoi Anca Mihaela	2,050,040	17.5879%
Other shareholders – individuals	496,058	4.2558%
Other shareholders – legal persons	205,354	1.7618%
Total	11,655,971	100.00%

Company management

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

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

The members of the Board of Directors will exert their mandate with the prudence and diligence of a good administrator, with loyalty, in the Company's best interest and they will not disclose confidential information and the commercial secrets of the Company they have access to in their position as directors, even after the end of their mandate as directors. Also, the Directors of the Company shall participate in all General Meetings of Shareholders.

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

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

According to the decision of the Ordinary General Meeting of Shareholders no. 302 from September 24, 2018, the Board of Directors nominated, for a term of 4 years, respectively 2018 - 2022, has the following composition: Viorel Panait - Chairman of the Board, Dan- Ion Drăgoi - member of the Board, Corneliu Bogdan Idu- member of the Board, Edmond Costin Șandru - Board of Directors member

Activity evolution

During 2019, Comvex operated in its terminal as many as 168 ships with raw materials in bulk.

Comvex provided services of handling, storage and transshipment of the raw materials in bulk, such as iron ores, coking coal, energy coal, bauxite, coke, scrap iron for clients such as Aria SE, Transport Trade Services, Liberty Galati (former ArcelorMittal Galați), Vitol Elveția, Brightroad, Alum S.A. Tulcea, CRH Romania, CRH Serbia, Danube Transport Services, C.Steinweg Romania, Cerealcom, Sisecam Soda Lukavac, Danube Shipping Management.

In order to diversify its activity, along with the ore Terminal, the company has developed a Grain Terminal in berth 80, with a capacity of 200,000 tons.

The development of a Grain Terminal in the deepest berth of the Black Sea and the East part of the Mediterranean Sea shall allow the direct operation of grain vessels of over 100,000 tdw, which shall

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create an exceptional competitive advantage both for COMVEX as well as for the Port of Constanta, in its entirety. The accomplishment of the COMVEX Terminal shall be a premiere in Romania and shall open the markets within the hinterland of Constanta Port towards any global destination.

The value of the investment amounted to about 52 million euros and was financed by a bank loan for investments in the amount of 36.4 million euros, the rest being insured from own funds. The bank financing was granted equally by Raiffeisen Bank and EximBank, benefited from a guarantee issued by EximBank in the Name and Account of the Romanian State, amounting to 18.144 million euros and will be reimbursed until the end of 2026. The balance of the facility credit at 31.12.2019 amounted to EUR 35,684,200.

The construction of the Grain Terminal is completed in a proportion of about 98% and the construction-assembly works regarding the unloading basin for rail transport will be completed in May, 2020. At the end of year 2019, 2 groups of storage cells were put into operation, while the rest of the equipment to be put into operation in the next period. The part representing constructions is currently in the reception phase of the works with the Constanța City Hall. Starting with September, 2019, it began the tests and commissions performed in order to set and adjust the optimal parameters of storage cells and equipments. Thus, until 31.12.2019, it was received and shipped the quantity of 45,988 tons of cereals.

In connection with the future activity, but also with the existing one, in 2019 the Company maintained its activity of greening the Terminal in order to eliminate wastes periodically generated by the specific of the activity performed. In this regard, in 2019 were processed wastes recovered in a quantity of 189,817 tons of homogenous products of different ores with the characteristics of the operated goods.

Main economic-financial ratios

The analysis elements from this report are substantiated by the data in the annual financial statements drafted on 31.12.2019 according to the Law of Accounting no. 82/1991, republished, Law 31/1990 republished, with all further amendments and completions, by the provisions included in Order no. 1802/2014 of the Ministry of Finances for the approval of Accounting Regulations regarding individual annual financial statements and the consolidated annual financial statements.

Comvex S.A. has been considering the fulfillment of its obligations under the law as regards the correct, accurate and up-to-date organization and management of the accounting. The assessment, registration in the unit accounting and presentation of patrimony elements was performed in compliance with the principles, policies and accounting methods. The receivables and debts in foreign currency were converted into RON considering the foreign currency exchange rates on the date of 31.12.2019.

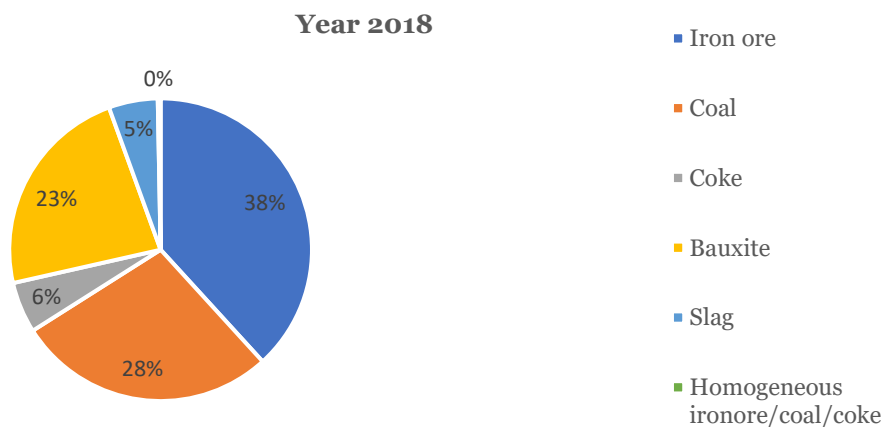
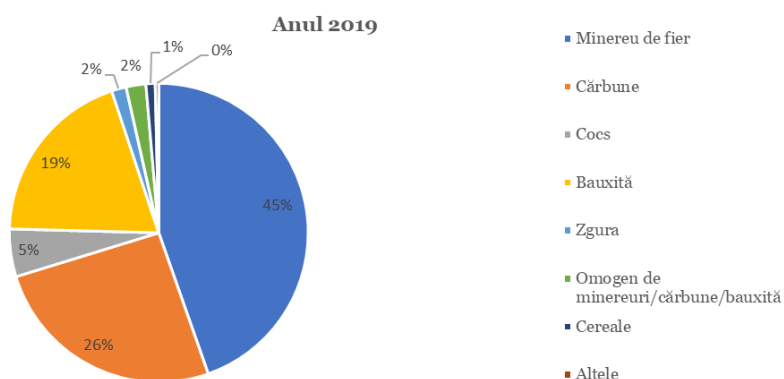
Ratios	MU	Year 2018	Year 2019
Handled tons	tons	8,544,835	8,878,045
Turnover	RON	77,288,258	119,887,694
Total revenues, of which	RON	86,689,009	160,771,786
-Operating	RON	83,561,630	158,697,058
-Financial	RON	3,127,379	2,074,728
Total expenses, of which:	RON	77,547,415	144,466,395
-Operating	RON	73,986,955	139,243,393
-Financial	RON	3,560,460	5,223,002
Net profit	RON	7,612,510	15,293,843
Fixed assets	RON	295,999,201	442,260,715
Cash available	RON	13,424,137	15,548,526
Receivables	RON	19,561,153	24,268,185
Stocks	RON	14,571,429	16,343,069
Total debts	RON	155,846,300	214,230,232

Comvex S.A. handled in 2019 a total quantity of 8,878,045 tons of bulk raw materials, with approx. 4% more than the quantity operated the previous year (respectively 8,544,835 tons of bulk raw materials). During the entire year 2019 there were operated 168 maritime ships, as opposed of 252 maritime ships in 2018.

The distribution by types of merchandise of the total quantity handled in the Comvex terminal is shown in the table below:

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Type of cargo	Year 2018	Year 2019
	tons	tons
Iron ore	3,266,201	3,961,933
Coal	2,374,712	2,275,391
Coke	465,564	458,042
Bauxite	1,964,743	1,729,538
Slag	447,709	140,907
Homogeneous of Ores/coal/bauxite	25,906	189,817
Cereals		89,049
Others		33,368
	8,544,835	8,878,045



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Total Revenues (lei)

	Year 2018	Year 2019
Turover, out of which:	77,288,258	119,887,694
<i>Revenues form sales of goods</i>	<i>4,422,998</i>	<i>38,505,888</i>
Other operational revenues	6,273,372	38,809,364
Financial Revenues	3,127,379	2,074,728
Total revenues	86,689,009	160,771,786

The turnover (RON) split by clients is shown in the table and graph below:

Client	Year 2018	Year 2019
	RON	RON
Aria SE	-	36,145,102
Liberty Galati	29,034,947	23,078,091
Transport Trade Services	8,598,267	15,183,971
Vitol Elveția	6,063,551	10,876,238
CRH România	4,632,692	9,166,796
Alum Tulcea	9,188,245	8,361,177
Danube Transport Services	1,965,168	2,885,151
Brightroad Ltd	7,306,827	2,070,152
Viofeli	-	1,843,803
CRH Serbia	2,029,887	1,654,538
Chimpex	1,303,309	1,383,760
Danube Shipping Management	393,963	1,322,716
Cerealcom	-	1,321,823
Sisecam	787,335	1,141,154
Steinweg	2,200,431	664,718
Alții	3,783,636	2,788,504
	77,288,257	119,887,694

The iron ore was handled for the steel factories of Galați and Smederevo – Serbia and Ostrava – Slovakia. The coal was unloaded for the complex of Dunajvaros in Hungary, energy coal for the thermal power stations of Romania (Iasi and Deva) and the thermal power stations of Bulgaria and Serbia, and the antracit coal, for the steel factories and cement factories of Spain, Italy, Turkey and Egypt. The coke was dispatched to the steel factory Smederevo Serbia and the factories Lafarge Romania and Lafarge Serbia. The destination for the bauzite was the alumina factory Alum Tulcea.

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The slag had as final destination cement factories from Egipt and several countries from West Africa. Iron ore and homogeneous iron ore were shipped to steel plants in China.

Raw materials dispatch to beneficiaries was performed either by maritime ships, or by railway (wagons), or by river (barges), or by road (tracks).

The turnover has increased with approx. 55% as compared to the one registered last year as a result of the increase of the quantity of raw materials handled, but especially related to the valorification of iron ore and the homogenization of iron ore. Thus, in October 2019, the Company managed to conclude a transaction through which it resolved one of the most important disputes in which it was involved. Through this transaction, the Company was able to capitalize a historical claim held by Comvex against Aria International Gmh (obtained under the Assignment Agreement concluded with Efa Dynamic Trade Finance Fund Ltd by which Comvex acquired the status of assignee creditor). Subsequently, Comvex filed this claim on account of the price of the goods and acquired title to a quantity of 159,681.58 tons of iron ore at the auction organized by the bailiff, within the legal enforcement proceedings. The entire quantity of goods thus acquired was sold and shipped to China. The revenues obtained from the sale of the quantity of ore were of 15,694,081 lei (equivalent to 3,672,676 USD).

In order to green the Terminal by eliminating the waste generated historically and periodically by the specifics of the activity carried out, in 2019 was processed and recovered waste in the amount of 189,817 tons in the form of homogeneous products of various ores with characteristics similar to the handled materials.

Out of the total of 38,125,734 lei representing other operating revenues, 19,994,944 lei represents the entry into accounting of ores/coal/bauxite homogeneous and 13,360,885 lei represents the entry into accounting of iron ore at the auction award price.

The financial revenues represent favorable differences of foreign exchange rates.

Total Expenses (RON)

	Year 2018	Year 2019
<i>Personnel expenses</i>	24,792,481	29,272,089
<i>Expenses with materials, consumables, other auxiliary materials</i>	8,134,923	10,978,806
<i>Repaires expenses</i>	2,723,446	2,595,294
<i>Costs of sales of goods</i>	3,812,475	33,355,829
<i>Utilities expenses</i>	5,803,037	7,243,546
<i>Rent expenses</i>	7,150,390	8,429,557
<i>Depreciation expenses</i>	4,005,507	4,757,580
<i>Net expenses from revaluation of fixed assets</i>		5,789,235

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<i>Expenses with terminal Greening</i>	3,803,208	19,994,944
<i>Other operating expenses, including third parties services</i>	11,401,001	15,255,879
<i>Tax on profit and local taxes</i>	2,361,487	1,570,634
<i>Financial expenses</i>	3,560,460	5,223,002
<i>Total Expenses</i>	77,547,415	144,466,395

Personnel expenses include the expenses related to personnel (wages and due contributions) and indemnities of the Directors of the Company. The increase in salary expenses is due both to the increase of the RON/EUR exchange rate (salaries being set in euros and paid at the average exchange rate of the month), but also to the increase in the number of employees from 235 at the end of 2018 to 299 employees at the end of 2019 in order to start the activity of the Grain Terminal.

Expenses with goods mainly represent the exit from accounting of the homogeneous ores/coal/bauxite. These expenses registered an increase compared to the previous year in close connection with the increase in the quantity of homogeneous products processed and capitalized.

Out of the total rent expenses, the amount of 3,919,795.81 lei represents the rent paid to CN APM. Rent expenses decreased compared to the previous year (4.137.784 lei in 2018), following the favourable settlement in court, in May 2019, for 3 technological platforms that were previously rented from CN APM and, respectively, for which the Company paid rent previously. In the action of claim, Comvex presented the fact that the 3 three claimed platforms were designed by Iptana - the general designer of the Port of Constanța, to serve the mineral activity. Thusly, in 1991, when it was divided the patrimony of the former Întreprinderea de Exploatare Portuară (Port Operations Company) between CNAPM and Comvex, the platforms were allocated by Iptana as being part of the patrimony of Comvex, but, they were not effectively transferred into the accounts of Comvex.

The rest of expenses with rents represent rents for specialized equipments and machineries for cargo handling activity, expenses that registered an increase in 2019 compared to 2018 in close connection with the activity of greening the Mineral Terminal (capitalization of the homogeneous) and moving a quantity of iron ore from the main storage area to the sea quay area, in order to load it onto the ship.

Depreciation expenses increased following the commissioning at the end of 2018 of ongoing investments in the Mineral Terminal. The expenses with amortization also include depreciation adjustments for fixed assets, including those in conservation. In 2019, a number of 111 fixed assets were kept in conservation, such as equipments and machineries. On 31st of December 2019 they were analyzed by an expert evaluator for the depreciation test, following to be put into operation in 2020.

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

The expenses with the profit tax decreased due to the application by the Company of the provisions of art. 22 paragraph (1) of Law no. 227/2015, with subsequent amendments, according to which: "The profit invested in technological equipment, (...) put into operation, used for the purpose of carrying out the economic activity, is exempt from tax ..." Thus, the profit tax exempted according

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to art. 22 of Law 227/2015 was in the amount of 2,608,862 lei, the profit invested in technological equipment being registered as reserves related to the reinvested profit.

Of the total financial expenses in the amount of 5,223,002 lei, 89,371 lei represent expenses with interest related to long-term investment loans contracted to finance investments (other than those for the Grain Terminal, which are capitalized until the commissioning of the entire investment) and leasing contracts, the rest representing negative exchange rate differences arising mainly from the revaluation of the bank loan contracted for the Grain Terminal.

According to the provisions of OMFP no. 1802/2014, the Company shall capitalize the interest due for the bank loan contracted for financing the Grain Terminal until the commissioning of the investment. The amount of the capitalized interest in the current year in relation to that credit facility was in the amount of 3,477,504 lei.

Net profit

The Company registered in 2019 a net profit of RON 15,293,843 lei, as compared to RON 7,612,510 in 2018. The profit increase was generated by the turnover increase based on the increased quantity of handled raw materials, explained above, but also to the profit tax exemption in connection with the gross profit invested in technological equipment.

Fixed Assets

On 31st of December 2019, the Company revised the value of tangible assets used for the activity of handling of minerals, starting from the premise of putting into operation in 2020 of all assets under conservation. The revaluation included all assets in the form of buildings, equipment, spare parts stocks and assets under construction to serve the current business. The test was based on comparing the book value at 31.12.2019 with the value in use determined by analyzing future cash flows that will be generated. Following the review, there were negative adjustments (net amounts) to be recorded on the expense account in the net amount of 5,789,235 lei.

The increase in fixed assets was mainly caused by the increase in the value of the fixed assets in progress for the "Grain Terminal" investment as at 31.12.2019.

Stocks

Stocks went up as compared to the end of 2018 due to the increase of the company's activity. From the total of 16,343,069 lei stocks on 31st of December 2019, the amount of 6,590,586 lei represents materials stocks for the investments.

Receivables

Receivables in balance on 31st of December 2019 went up as compared to the end of 2018, Receivables on balance at 31.12.2019 increased compared to the end of 2018, this increase being closely related to the increase in turnover.

Out of the total of 24,268,185 lei receivables in stock on 31.12.2019, the amount of 1,911,095.10 lei represents receivables registered against the client Viofeli. They represents invoices for loading / unloading services, storage and firefighting interventions.

In April 2019, Comvex concluded with Viofeli the contract no. 719 / 09.04.2019 for the handling of 6,000 tons of coal. At the client's request, in June was signed the additional act no. 1 to supplement the quantity of coal handled in the Comvex Terminal, respectively up to the quantity of 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 additional act to the service contract.

The uncollected balance from the Viofeli client is in the amount of 1,911,095.10 lei. In order to recover this amount, the Company registered at the Commercial and Maritime Arbitration Court attached to CCINA Constanța an action requesting the defendant to pay the amount of 1,619,861.04 lei representing invoices for services and storage of goods issued during June- November 2019, following that, in the next period, an application will be submitted to increase the claims with the amount of 291,234.06 lei representing invoices issued during November-December 2019.

Cash available

The cash available at 31st of December 2019 amounted to 15,548,526 lei, as compared to 13,424,137 lei at 31st of December 2018. The increase is closely related to the increase in turnover. Part of the amounts collected in 2019 were used to provide resources to finance the new investment in the Grain Terminal.

Debts

Out of the total of 214,230,232 lei debts in balance at the end of 2019, the amount of 173,413,077 lei represents the sums due to credit institutions, out of which the amount of 168,633,777 lei represents the balance of the bank loan contracted in order to finance the Grain Terminal. The balance of leasing financing amounts to 239,953 lei, representing the equivalent of EUR 50,207. The leasing financing was contracted for the purchase of equipment and cars necessary for the activity.

Litigations

On 31st of December 2019, the Company has ongoing litigations with Compania Nationala Administratia Porturilor Maritime SA Constanta (CN APM), generated by Comvex's refusal to pay the tariff for using the port area (UDP tariff).

Starting with the beginning of year 2015, Comvex submitted refused to pay the invoices issued by CN APM for the UDP tariff, based on the following considerations:

- Unilateral increase by CN APM of the UDP tariff without complying with the contractual conditions, 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.

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

The value of the refusals related to the tariff of EUR 0.05 /m2 is in the amount of 2,813,425.5 lei 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 EUR 0,03 /m2 amounts to 2,536,826.84 lei without VAT, amount which cannot impair the financial position of the Company because, as mentioned above, there is no contractual correspondent for that tariff.

On 31st of December 2019, the total value of penalties is of 6.772.354 lei (penalties calculated for all invoices refused to be paid, related both to the EUR 0.05 tariff as well as to the increased one from EUR 0.05 to EUR 0.08).

During 2019, it was finally settled the file no. 8671/118/2017 registered by the plaintiff Raimondo de Rubeis against the Company with Constanța Court regarding his mandate revocation, by rejecting the appeal submitted by the plaintiff against the first instance court rulling. However, Raimondo de Rubeis filed a second appeal, which has the first term on 13.05.2020.

Regarding the settlements of the above mentioned second appeal, the Management of the Company considers that the thecision to be issued by the Supreme Court in this respect shall not have a significant adverse impact neither on the economic results nor on the financial position of the Company and has engaged legal assistance and qualified representation for the file and has undertaken all the required legal steps.

Furthermore, during the year 2019, the plaintiff Raimondo de Rubeis also submitted with the Bucharest Court the file no. 27863/3/2019, regarding the annulment of the purchase of a number of 40 shares issued by the Company by each of the defendants Drăgoi Anca Mihaela and Nicola Ruxandra Ioana and the subsequent subscription of a number of 2,500,000 shares issued by the Company during the share capital increase by each of the defendants Drăgoi Anca Mihaela and Nicola Ruxandra Ioana.

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The Bucharest Court decided on the territorial jurisdiction exception, setting it has no territorial jurisdiction, on 17.01.2020 declining its competence in favour of Constanta Court, that has not yet established a term for further procedures in this respect.

The Management of the Company considers that the decision to be issued in the above mentioned file shall not have a significant impact on the financial and economic results of the Company and has engaged legal assistance and qualified representation for the file and has undertaken all the required legal steps.

The Management of the Company considers that these actions shall not have a significant impact onto the economic results and financial position of the Company.

Profit distribution

	RON
Gross profit as at 31.12.2019:	16,305,391
<i>Tax on the related profit</i>	<i>1,011,548</i>
Profit after tax as at 31.12.2019:	15,293,843
<i>Legal reserves</i>	<i>815,270</i>
<i>Other reserves</i>	<i>14,478,573</i>
<i>Accounting loss covering</i>	<i>0</i>
Net profit to be distributed at 31.12.2019	0

In December 2019, technological equipment was put into operation for which the Company can apply the provisions of art. 22 of Law no. 227/2015, with subsequent amendments, regarding the tax exemption of the reinvested profit.

The investment for which the Company calculated the reinvested profit tax exemption is worth 19,541,397 lei, but the exemption was effectively applied only to the profit tax due in the fourth quarter, according to the limitations stipulated in the Fiscal Code. Thus, the reinvested profit for which he benefited from the tax exemption represented the sum of the entire profit obtained in the financial year 2019.

It is proposed to the General Meeting of Shareholders that the profit obtained on 31.12.2019 in the amount of 15,293,843 lei, to be distributed as follows:

- i. 815,270 lei - in order to establish the legal reserve;
- ii. the difference in the amount of 14,478,573 lei - in order to reinvest in technological equipment, according to the provisions of art. 22 of Law 227/2015 on the Fiscal Code, in this sense being allocated to other reserves related to reinvested profit.

Investments activity

In 2019, the total capital expenditures amounted to RON 109,890,591, out of which RON 102,794,980 represent investments in tangible and intangible fixed assets in progress, RON 5,702,752 investments in equipments and constructions and RON 1,392,858 intangible assets. The capital expenditures were registered in relation to the Grain Terminal and the implementation of the new integrated informatic system SAP.

The investments made in 2019 aimed the growth of the Company by the diversification of its activity by the development of a Grain Terminal, alongside the Minerals Terminal.

On the date of the herewith Report, the construction of the Grain Terminal is completed in proportion of approximately 98%, the construction and assembly works on the unloading tank for rail transport will be completed in May of this year. At the end of 2019, 2 groups of storage cells were put into operation, the rest of the equipment will be put into operation in the next period. The part representing constructions is currently in the phase of reception with Constanța City Hall. Starting with September 2019, the commissioning and tests performed in order to set and adjust the optimal parameters of the cells and equipment started.

The total storage capacity of the COMVEX Grain Terminal is 198,000 mt, calculated for wheat. The storage area consists of 18 large flat-bottomed silo cells (12 x 10,000 mt and 6 x 10,900 mt), 6 small flat-bottomed silo cells (2,250 mt each) and 6 conical-bottomed cells.

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

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

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

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

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

Revenues and expense budget for year 2020

Comvex's orientation for 2020 is materialized in the following priority objectives:

- (i) the commissioning of the "Cereal Terminal" investment so that it is completed and fully operational in the second part of year 2020;
- (ii) consistent and continuous improvement of the activity of the ore terminal and performance at high standards of the services offered to the Company's clients;

The revenue and expenditure budget for 2020 takes into account an amount of 3.4 million tonnes entered in the Mineral Terminal and an amount of 1.9 million tonnes received in the Cereals Terminal.

Related to the activity of minerals, it is estimated a decrease in the amount of raw materials handled through the Comvex Terminal compared to 2019.

Thus, we expect that for some of the Company's traditional customers, the quantities of raw materials handled in the Mineral Terminal will remain approximately at the same level as 2019, while for other customers, such as Alum and Vitol, these quantities will be decreasing. Under these conditions, it is estimated that the turnover derived strictly from the unloading/loading of raw materials will decrease by approximately 25% compared to that achieved in 2019.

The launch and promotion of the Cereal Terminal Project was a constant in the concerns and activity of Comvex representatives at all levels, ever since the actual launch of the Project in 2017. Comvex intends to promote the Project's capabilities by showing its unique features and confirming the cooperation intentions that has previously discussed with various potential beneficiaries of the Terminal. We consider the relevant producers in Romania and in the hinterland of the Port of Constanța, as well as local and even global traders with operational interest in this hinterland.

Revenues for 2020 from the activities performed in the Mineral Terminal were budgeted based on the quantities estimated to be handled and the existing tariffs according to the contracts concluded with customers.

Operational expenditure for 2020 was budgeted based on the analysis of the previous year's expenditure and adjustments based on the new assumptions and the estimated volume of activity for 2020.

Expenditures on equipment maintenance were budgeted according to the preventive repair works and overhauls estimated to be necessary for the proper functioning of the equipment and machinery, taking into account their functional condition and age. The rent expenses were budgeted according to the contracts concluded with CN APM, respectively with the suppliers of rented equipment in order to carry out the activity of minerals in conditions of efficiency. Expenditures such as utilities and fuel were estimated based on the quantities of goods estimated to be handled in 2020. Other expenditures included in the budget were estimated according to the contracts concluded with service providers, as well as based on historical values and management estimates of the Company.

Personnel costs were estimated based on the number of existing employees and the provisions of the collective labour agreement. Expenditure with TESA personnel, as well as some of the expenditure on technical personnel, was allocated equally between the two Terminals. In the same situation are the expenses like general and administrative expenses.

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Estimates for 2020 for the Mineral Terminal are:

- i. Turnover EUR 13,6 million Eur;
- ii. EBITDA 2,5 million Eur;
- iii. Net profit 0,8 million Eur.

The quantity received in the Grain Terminal was estimated based on contracts, agreements and discussions with existing and / or potential customers for the grain handling activity. Personnel costs were estimated according to the staff needed to be hired gradually as the activity increased.

The expenses with the utilities and the maintenance of the equipments were estimated according to the technical and functional parameters of the equipments, the prices of the utilities, respectively the necessary services, as well as the quantities of cereals received in the Terminal.

The financial expenses were estimated according to the provisions of the investment financing contract and the conditions of the State guarantee agreement.

Thus, the estimates for 2020 for the Cereals Terminal are:

- (i) Turnover of EUR 11,1 million Eur;
- (ii) EBITDA 4,4 million Eur;
- (iii) Net profit 1,6 million Eur.

It is proposed to the Ordinary General Meeting of Shareholders to approve the income and expenses for 2020, as they are presented to shareholders.

Impact of COVID-19

Towards the end of 2019, news of COVID-19 (Coronavirus) first appeared in China, with the World Health Organization reporting a limited number of cases of an unknown virus on December 31, 2019. In the first months of 2020, the virus spread globally, triggering a pandemic. Although the impact of the pandemic cannot yet be determined at the time of writing, it is estimated that the adverse effects on global trade and the Company's business may be more severe than at an initial assessment. Certain currencies in which the Company is exposed have depreciated and stock markets have declined. Management considers that this pandemic is an event after the balance sheet date that does not lead to the adjustment of the individual annual financial statements. However, the situation created earlier this year could significantly affect estimates and the revenue and expenditure budget for 2020.

As the pandemic is currently uncontrollable and rapidly evolving, management considers it impossible to estimate the potential impact of this event on the Company's financial position and future financial performance. The impact will be determined and included in any depreciation and impairment of the Company's assets in 2020.

The Company's management closely monitors the health and economic situation and assesses the ways to minimize the impact of the pandemic on Comvex. Although we do not currently have such information from our customers, if the supply of raw materials and materials to the plants and

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industries served by the Company could be interrupted for a longer period, the Company's revenues could decrease compared to the financial forecasts presented.

In addition, in relation to the cereal operation activity, the Company's management takes all the necessary actions to start the cereal operation activity at the full capacity of the Terminal in the shortest possible time. However, in the context of the current crisis caused by the Covid pandemic - 19 public authorities of the Romanian State have adopted legal norms with a significant impact on this activity. In this sense, we note the provisions of Military Ordinance no. 8/2020 suspending / prohibiting the export of cereals throughout the state of emergency. In this context, we expect that such a measure adopted at national level may have significant effects on the operation of the Cereal Terminal in 2020. Given that the Covid - 19 pandemic produces significant effects globally and there is the possibility of extending restrictive measures regarding the imports / exports of agricultural products that would transit the Port of Constanta through the Company's terminal during 2020, it is possible that the Company's revenues will also have a negative impact as a result. The Company's management will constantly monitor the evolution of the situation and, in particular, the potential extensions of the grain export restrictions and will take all necessary measures to limit to exclusion the effects that this situation may have on the Company.

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

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

Viorel Panait – Chairman of the Board of Directors