

Translation from the Romanian language/The Romanian version shall prevail

COMVEX SA

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2021

**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 2020	31 December 2021
			(RON)	(RON)
A. FIXED ASSETS				
I. INTANGIBLE ASSETS				
1. Concessions, patents, licenses, trademarks, similar rights and values and other intangible assets	01	1a)	<u>1.651.813</u>	<u>1.139.316</u>
TOTAL	02		1.651.813	1.139.316
II. TANGIBLE ASSETS				
1. Lands and buildings	03	1b)	182.402.880	182.011.293
2. Technical installations and machines	04		241.443.860	237.238.890
3. Other equipment, tools and furniture	05		310.300	1.078.479
4. Tangible assets in progress	06		19.444.955	14.069.407
5. Advances	07		<u>1.143.063</u>	<u>1.006.948</u>
TOTAL	08		444.745.058	435.405.017
III. FINANCIAL ASSETS				
1. Shares in subsidiaries	09	1c)	<u>400</u>	<u>400</u>
TOTAL	10		400	400
FIXED ASSETS - TOTAL	11		446.397.271	436.544.733
B. CURRENT ASSETS				
I. INVENTORY				
1. Raw materials and consumables	12		16.877.736	20.420.874
2. Finished products and goods			<u>4.359</u>	4.833
3. Advances	13		<u>351.147</u>	<u>474.341</u>
TOTAL	14		17.233.242	20.900.048
II. ACCOUNTS RECEIVABLE				
1. Trade receivables	15		18.109.173	25.807.353
2. Receivables from associates and jointly controlled entities	16	<u>8 i)</u>	250.000	-
3. Other receivables	17		<u>1.882.223</u>	<u>1.312.005</u>
TOTAL	18		20.241.396	27.119.358

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

COMVEX SA

BALANCE SHEET

	Row	Note	<u>31 December 2020</u> (RON)	<u>31 December 2021</u> (RON)
IV. CASH AND BANK ACCOUNTS	19		<u>11.659.497</u>	<u>18.463.924</u>
CURRENT ASSETS - TOTAL	20		49.134.135	66.483.330
C. PREPAID EXPENSES	21		6.080.443	6.433.596
1. Amounts to be expensed in less than one year	22		1.436.880	2.697.268
2. Amounts to be expensed in more than one year	23		4.643.563	3.736.328
D. LIABILITIES: AMOUNTS TO BE PAID IN LESS THAN ONE YEAR				
1. Amounts due to credit institutions	24	4,8c)	35.588.430	32.712.872
2. Advances cashed for orders	25		63.962	63.962
3. Trade liabilities - suppliers	26		19.664.301	16.224.427
4. Other liabilities, including tax and social security payables	27		<u>4.509.047</u>	<u>6.131.517</u>
TOTAL	28		59.825.740	55.132.778
E. NET CURRENT ASSETS / NET CURRENT LIABILITIES	29		(9.680.143)	13.610.281
F. TOTAL ASSETS LESS CURRENT LIABILITIES	30		441.360.691	453.891.342
G. LIABILITIES: AMOUNTS TO BE PAID IN MORE THAN ONE YEAR				
1. Amounts due to credit institutions	31	4,8 c)	147.894.392	127.464.046
2. Amounts owed to associates and jointly controlled entities		8 i)	<u>9.738.800</u>	9.896.200
3. Other liabilities, including tax and social security payables	32		-	<u>322.686</u>
TOTAL	33		157.633.192	137.682.932
H. PROVISIONS				
1. Other provisions	34	2)	2.863.425	3.334.511
TOTAL	35		<u>2.863.425</u>	<u>3.334.511</u>

COMVEX SA

BALANCE SHEET

	Row	Note	31 December 2020	31 December 2021
			(RON)	(RON)
I. INCOME IN ADVANCE				
1. Subsidies for investments	36		5.530.822	5.165.266
Amounts to be released in less than one year	37		425.418	437.539
Amounts to be released in more than one year	38		5.105.404	4.727.727
TOTAL	39		<u>5.530.822</u>	<u>5.165.266</u>
J. CAPITAL AND RESERVES				
I. SHARE CAPITAL				
1. Subscribed and paid up share capital	40	6 b)	<u>29.139.928</u>	<u>29.139.928</u>
TOTAL	41		29.139.928	29.139.928
II. SHARE CAPITAL PREMIUMS	42		41.553	41.553
III. REVALUATION RESERVES	43	1b)	81.275.823	76.490.045
IV. RESERVES				
1. Legal reserves	44		4.568.150	5.827.986
2. Other reserves	45		57.968.945	57.968.945
TOTAL	46		62.537.095	63.796.931
V. REPORTED PROFIT <u>Balance C</u>				
	47		101.650.377	107.550.050
VI. PROFIT OR LOSS OF				
FINANCIAL YEAR <u>Balance C</u>	48		1.172.520	32.387.501
Profit distribution	49		58.626	1.259.836
SHAREHOLDERS' EQUITY - TOTAL	50		<u>275.758.670</u>	<u>308.146.172</u>
SHAREHOLDERS' EQUITY – TOTAL	51		<u>275.758.670</u>	<u>308.146.172</u>

Authorised for issue and signed on behalf of the Board of Directors as at 22.03.2022:

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

	Row	Note	2020 (RON)	2021 (RON)
1. Net turnover	01		<u>89.549.921</u>	<u>161.235.635</u>
-out of which, the net turnover corresponding to the preponderent activity actually performed	02		<u>77.898.590</u>	<u>152.545.861</u>
Revenues from services rendered	03		81.461.969	157.152.745
Revenues from sales of goods	04		8.087.952	4.082.890
2. Revenues from production of tangible and intangible assets	05		4.151.400	-
3. revenues from revaluation of tangible assets	06	1 b)	39.399	-
4. Other operating revenues:	07		7.021.521	8.563.075
- out of which, income arising from subsidies for investments	08		<u>19.610</u>	<u>23.465</u>
OPERATING INCOME – TOTAL	09		100.762.241	169.798.710
5. a) Raw material and consumable Expenses	10		7.756.916	11.333.110
Other material expenses	11		571.839	620.507
b) Other external expenses (energy and water)	12		6.413.250	12.152.819
-out of which expenses with energy (acc.6051)	13		6.061.708	11.675.019
c) Merchandise expenses	14		6.683.601	3.572.433
Trade discounts received	15		28.715	21.735
6. Staff costs, out of which:	16		<u>30.825.641</u>	<u>41.480.190</u>
a) Wages and salaries	17	7 b)	28.799.564	39.071.244
b) Expenses with insurance and social security	18		2.026.077	2.408.946
7. a) Tangible and intangible assets value adjustment	19	1 a) b)	<u>11.251.070</u>	<u>21.519.597</u>
a.1) Expenses	20		11.251.070	21.608.922
a.2) Revenues	21		-	89.325
b) Current assets value adjustment	22		<u>570.167</u>	<u>459.209</u>
b.1) Expenses	23		666.168	459.209
b.2) Revenues	24		96.001	-
8. Other operating expenses	25		<u>30.462.022</u>	<u>39.116.650</u>
8.1 External services expenses	26	8 j)	22.764.235	32.498.050
8.2 Other taxes and similar expenses; transfers and contributions due under special regulations	27		680.366	858.390

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

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PROFIT AND LOSS STATEMENT

	Row	Note	2020	2021
			(RON)	(RON)
8.3 Environment protection expenses	28		309	313
8.4 Expenses from revaluation of tangible assets	29	1b)	306.749	-
8.5 Expenses related to calamities and other similar events	30		-	-
8.6 Other expenses	31		6.710.363	5.759.897
Provisions adjustments	32		<u>50.000</u>	<u>471.086</u>
- Expenses	33		50.000	471.086
- Revenues	34		-	-
OPERATING EXPENSES – TOTAL	35		94.555.791	130.703.866
OPERATING PROFIT				
- Profit	36		6.206.450	39.094.844
9. Income from participating interests	37			
10. Interest income	38		3.898	1.491
11. Other financial income	39		<u>859.768</u>	<u>1.582.869</u>
FINANCIAL INCOME – TOTAL	40		863.666	1.584.360
12. Value adjustment in respect of financial assets and financial investments held as current assets	41		-	-
- Expenses	42		-	-
- Revenues	43		-	-
13. Interest expenses	44		1.107.719	4.005.392
Other financial expenses	45		<u>4.789.877</u>	<u>3.346.478</u>
FINANCIAL EXPENSES – TOTAL	46		5.897.596	7.351.870
FINANCIAL PROFIT OR LOSS				
- Loss	47		5.033.930	5.767.510
TOTAL INCOME	48		<u>101.625.907</u>	<u>171.383.070</u>
TOTAL EXPENSES	49		<u>100.453.387</u>	<u>138.055.736</u>
PROFIT OR GROSS LOSS (A)				
- Profit	50		<u>1.172.520</u>	<u>33.327.334</u>
15. Income tax	51		-	939.833
- Profit	52		<u>1.172.520</u>	<u>32.387.501</u>

Authorised for issue and signed on behalf of the Board of Directors at 22.03.2022 by:

ADMINISTRATOR

DRAWN UP BY,

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

COMVEX SA

PROFIT AND LOSS STATEMENT

Name and surname PANAIT VIOREL

Signature_____

Unit's stamp

Name and surname OPREA IRINA

Position FINANCIAL MANAGER

Signature_____

COMVEX SA

PROFIT AND LOSS STATEMENT

	<u>Note</u>	<u>2020</u> <u>(RON)</u>	<u>2021</u> <u>(RON)</u>
Cash flows from operating activities:			
Net cash flows from operating activities	9	5.895.419	46.194.054
Interest paid		(1.120.442)	(3.992.669)
Income tax paid		-	(131.964)
Net cash flow generated by operating activities		4.774.977	42.069.421
Cash flows from investment activities:			
Cash payments for acquisition of land and fixed assets, intangible assets and other long-term assets		(17.679.973)	(12.077.064)
Cash proceeds from sale of land and buildings, plant and equipment, intangible assets and other long-term assets		50	220.417
Interest proceeds		3.898	1.491
Cash payment for acquisition of participating interests or investments in financial assets		-	-
Net cash flow generated by investment activities		(17.676.025)	(11.855.156)
Cash flows from financing activities:			
Cash proceeds from loans		9.676.202	4.948.982
Cash repayment of loans		(2.834.436)	(30.088.166)
Loans received		(250.000)	-
Cash payments of the lessee for decrease of financial leasing liabilities		(807.726)	(103.927)
Effect on exchange rate fluctuations on loans and liabilities		3.227.979	1.833.273
Dividends paid		-	-
Net cash flow generated by financing activities		9.012.019	(23.409.838)
Net increase in cash and cash equivalents		(3.889.029)	6.804.427
Cash and cash equivalents at the beginning of the financial year		<u>15.548.526</u>	<u>11.659.497</u>
Cash and cash equivalents at the end of the financial year		<u>11.659.497</u>	<u>18.463.924</u>

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature _____

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINAPosition FINANCIAL MANAGER

Signature _____

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 Item	Balance at 1 January 2020 (RON) 1	Increases (RON) 2	Decreases/ Distributions (RON) 3	Balance at 31 December 2020 (RON) 4	Increases (RON) 6	Decreases/ Distributions (RON) 7	Balance at 31 December 2021 (RON) 8
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)	91.117.620	2.123.139	11.964.936	81.275.823		4.785.778	76.490.045
Legal reserves (note 3)	4.509.524	58.626	-	4.568.150	1.259.836		5.827.986
Other reserves	57.968.945	-	-	57.968.945			57.968.945
Reported result representing the profit not distributed or loss not covered							
Credit balance (note 3)	58.614.565	7.588.260	432.830	65.769.995	1.113.894		66.883.890
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)	26.580.761	3.361.484	-	29.942.245	4.785.778		34.728.023

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 2020</u> (RON)	<u>Increases</u> (RON)	<u>Distributions</u> (RON)	<u>31 December 2020</u> (RON)	<u>Increases</u> (RON)	<u>Distributions</u> (RON)	<u>31 December 2021</u> (RON)		
	1	2	3	4	6	7	8		
Profit or loss of the financial year									
Credit balance	15.293.843	1.172.520	15.293.843	1.172.520	32.387.501	1.172.520	32.387.501		
Profit distribution (note 3)	<u>15.293.843</u>	<u>58.626</u>	<u>15.293.843</u>	<u>58.626</u>	<u>1.259.836</u>	<u>58.626</u>	<u>1.259.836</u>		
Total shareholders' equity	<u>281.066.463</u>	<u>6.657.143</u>	<u>11.964.936</u>	<u>275.758.670</u>	<u>38.287.173</u>	<u>5.899.672</u>	<u>308.146.172</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 lei 57,968,945, the amount of lei 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**

	Concessions, patents, licenses, trademarks, similar rights and values and other Intangible assets <u>(RON)</u>
Gross value	
Balance at 1 January 2021	3.712.431
Increases	98.964
Ceded assets, transfers and other reductions	-
Balance at 31 December 2021	3.811.395
Accumulated value adjustments (*)	
Balance at 1 January 2021	2.060.618
Adjustments in the current financial year	611.461
Reductions or reversals	-
Balance at 31 December 2021	2.672.079
Net carrying amount at 1 January 2021	<u>1.651.813</u>
Net carrying amount at 31 December 2021	<u>1.139.316</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

b) Tangible assets

	Lands and lands improv ements	Buildings	Technical installation s and machines	Other plant, Equipment , tools and furniture	Tangible assets in progres s	Advances	Total
	(RON)	(RON)	(RON)	(RON)	(RON)	(RON)	(RON)
Gross Value							
Balance at 1 January 2021	-	182.402.880	241.443.860	310.300	19.537.846	1.148.063	444.842.949
Increases	37.086	5.171.857	11.433.889	865.001	9.913.640	1.500.961	28.922.434
Ceded assets, transfers and other reductions		-	<u>374.177</u>	-	<u>15.378.514</u>	<u>1.637.074</u>	<u>17.389.765</u>
Balance at 31 December 2021	37.086	187.574.737	252.503.572	1.175.301	14.072.972	1.011.950	456.375.618
Accumulated Amortisation							
Balance at 1 January 2021		-	-	-	-	-	-
Amortisation registered during the financial year	-	5.600.530	15.300.109	96.822			20.997.461
Reductions due to revaluation		-	-	-			-
Reductions or reversals			<u>35.426</u>	-			<u>35.426</u>
Balance at 31 Decembrie 2021	-	5.600.530	15.264.683	96.822			20.962.035
Provisions							
Balance at 1 January 2021		-	-	-	92.891	5.000	97.891
Increases					-		
Decreases					<u>89.325</u>		<u>89.325</u>
Balance at 31 Decembrie 2021					3.566	5.000	8.566
Net carrying amount at la 1 January 2021		<u>182.402.880</u>	<u>241.443.860</u>	<u>310.300</u>	<u>19.444.955</u>	<u>1.143.063</u>	<u>444.745.058</u>
Net carrying amount at la 31 Decembrie 2021	<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>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

Revaluation of tangible assets

On December 31st, 2021, 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:

	<u>31 December 2020</u>	<u>31 December 2021</u>
	(RON)	(RON)
Revaluation reserve at the beginning of the financial year	91.117.619	81.275.823
Differences from revaluation transferred in the current financial year	(6.480.315)	-
Transfer at the reported result of the surplus from revaluation reserves	<u>(3.361.481)</u>	<u>4.785.778</u>
Revaluation reserve at the end of the financial year	<u>81.275.823</u>	<u>76.490.045</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 2019 no events were registered leading to their depreciation.

On December 31st, 2021, the Company had no subsidiaries.

On December 31st, 2021, the Company owned securities under the form of participating interests in the following associated/jointly controlled entities:

<u>Subsidiary's name</u>	<u>Held percentage</u> (%)	<u>Value of capital and reserves</u>	<u>Profit/ (loss) at 31 December 2021</u>
1. CDRV Associates SRL	20	<u>400</u>	=

2 PROVISIONS

<u>Type of provision</u>	<u>Balance at 1 January 2020</u> (RON)	<u>Into account</u> (RON)	<u>Transfers from account</u> (RON)	<u>Balance at 31 December 2020</u> (RON)
Other provisions	2.863.425	471.086		3.334.511
Adjustments for the impairment of tangible assets	92.890		89.325	3.566
Adjustments for the impairment of participation securities held	3.472			3.472
Adjustments for loss of value of other fixed assets	82.035			82.035
Adjustments for the impairment of receivables related to tangible assets	5.000			5.000
Adjustments for the impairment of current assets such as stocks	292.109	18.410		310.519
Adjustments for the impairment of assets	<u>5.327.742</u>	<u>440.800</u>		<u>5.768.542</u>
Total	<u>8.666.673</u>	<u>930.296</u>	<u>89.325</u>	<u>9.507.645</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 2021 the Company had established the following provisions:

- Provisions worth lei 2.813.425 recorded for the payment refusals to CN APM due to non-fulfillment or default/wrong fulfillment of its obligations contractually assumed. More information about the

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

CNAPM refusals can be found in the note Note 10 a) 1), and provisions for untaken holidays in amount of lei 521.086.

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 impairment of receivables related to property, plant and equipment;
- Adjustments for impairment of commercial receivables are established if there is objective proof that the Company will not be able to collect all the amounts on the set up due dates, as well as for the overdue receivables for over 365 days.

3 PROFIT DISTRIBUTION

The profit distribution during the financial year ended at 31 December 2021, along with the proposal for the distribution of the profit for year 2021, are as follows:

<u>Destination</u>	<u>Distribution in 2020</u>	<u>Proposal for distribution of profit from 2021</u>
	(RON)	(RON)
Profit distributed in:	1.172.520	32.387.501
- legal reserve	58.626	1.259.836
- other reserve	-	-
- gross dividends	-	8.427.267
- undistributed	1.113.894	22.700.398

4 LIABILITIES SITUATION

At 31 December 2021, the long term liabilities were as follows:

	<u>Between 1- 5 years</u>	<u>>5 years</u>
Amounts due to financial/credit institutions	127.464.046	0
Amounts due to third party entities	<u>9.896.200</u>	<u>0</u>

Other liabilities, including taxes and social security payables	<u>322.685</u>	<u>0</u>
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As at 31 December 2021, 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:

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

As at 31.12.2021, the Company has a financing facility for working capital in the amount of lei 4,948,100 (equivalent of euro 1 million) granted by Eximbank, fully used at the end of 2021. At the beginning of 2021, the Company reimbursed to Raiffeisen Bank the financing facility for working capital, and in March signed a bank loan in the form of a current account advance for the current activity, amounting to euro 1 million. The loan was granted by Raiffeisen Bank, has a grace period of 12 months for capital repayments, and the final maturity on 15.12.2023. This credit facility was used in full until the end of the year, its balance as of 31.12.2021 being in the amount of 4,948,100 lei.

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");
- (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:

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

- 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 2022, 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, 2021, 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, 2021. Also, at December 31, 2021 the Company reached the position of net current assets versus debt net income as of December 31, 2020.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

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, 2021, 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: cereal 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 1st, 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.

6. Real estate investments

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

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

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

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

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 cessation 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.

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 31st 2021 amounted to RON 29.139.928 (31 December 2020 RON 29.139.928) representing 11.655.971 shares (December 31st, 2020: 11.655.971 shares). All shares are ordinary, fully subscribed and paid in on December 31st 2021. All shares have the same voting right and a nominal value of RON 2,5 /share (December 31st, 2020: RON 2,5 /share).

The structure of shareholders on December 31st, 2021 is the following:

	<u>Number of shares</u>	<u>Amount (RON)</u>	<u>Percentage (%)</u>
Solidmet SRL	3.576.953	8.942.383	30,6877
Liberty Holdco Galati&Skopje Limited	3.277.526	8.193.815	28,1189
Nicola Ruxandra-Ioana	2.050.040	5.125.100	17,5879
Dragoi Anca Mihaela	2.050.040	5.125.100	17,5879
Alti actionari-persoane fizice	491.993	1.229.983	4,2210
Alti actionari-persoane juridice	<u>209.419</u>	<u>523.548</u>	<u>1,7967</u>
Total	<u>11.655.971</u>	<u>29.139.928</u>	<u>100</u>

c) Shares issued during the financial year

During the year 2021 there were no changes in share capital evolution.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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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 2020</u> (RON)	Financial year ended on <u>31 December 2021</u> (RON)
<i>Salaries:</i>		
Directors (*)	3.699.766	3.931.257
Management	<u>4.239.395</u>	<u>5.205.830</u>
	<u>7.936.161</u>	<u>9.137.087</u>

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

	<u>31 December 2020</u> (RON)	<u>31 December 2021</u> (RON)
<i>Salaries payable as at the end of the period:</i>	<u>297.406</u>	<u>317.419</u>

b) Employees

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

	<u>2020</u>	<u>2021</u>
Administrative personnel	<u>56</u>	<u>67</u>
Operational personnel	<u>235</u>	<u>283</u>

Expenses with personnel include the following:

	<u>2020</u>	<u>2020</u>
Expenses for social security	<u>2.026.077</u>	<u>2.408.946</u>
Expenses with salaries and indemnities	<u>28.799.564</u>	<u>39.071.244</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 m² South of Constanța Port, Romania.

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

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

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

The total storage capacity of the COMVEX Grain Terminal is 200,000 mt. Storage capacity and operating rates are calculated for wheat. The storage area consists of 18 large flat-bottomed silo cells (12 x 10,000 mt and 6 x 10,900 mt), 6 small flat-bottomed silo cells (2,250 mt each) and 6 conical bottom cells.

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

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

In the meaning of the provisions of Art. 7 pct. 26 of Law 227/2015 regarding the Fiscal Code, with further amendments and completions, the affiliated persons to Comvex Company are Solidmet SRL and Expert Placement Services Limited, both owning more than 25% of the equity interests

c) Financing

As of December 31, 2021, 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:

<u>N o</u>	<u>Bank</u>	<u>Destinati on</u>	<u>Ccy</u>	<u>Approved amount</u>	<u>Signing date</u>	<u>Maturity</u>	<u>Balance as of 31.12.2021</u>	<u>Out of which short term</u>	<u>Out of which long term</u>
1	Raiffeisen Bank and Eximbank	Long term bank loan for financing the investment "Grain Terminal"	EUR	36.384.200	16.05.2017	08.08.2027	30.372.200	5.112.000	25.260.200
			Equiv in RON				150.284.682	25.294.687	124.989.995
2	Raiffeisen	Medium term loan bank for financing the current activity	EUR	1.000.000	15.03.2021	15.12.2023	1.000.000	500.000	500.000
			Equiv in RON				4.948.100	2.474.050	2.474.050

In order to finance the investment "Grain terminal" on berth 80, the Company contracted in May 2017 a long-term bank loan of EUR 36.4 million. The financing was equally granted by Raiffeisen Bank and EximBank, also benefiting of a guarantee issued by EximBank In the Name and on Account of the Romanian State, amounting EUR 18.144 million. The facility is repaid in quarterly installments, starting in September 2019 (as per the approval of the amendment to the contractual terms dated 13.03.2019) and has a final maturity in August 2027.

The final maturity date of the credit facility is August 8, 2027 and the credit facility balance at December 31, 2021 was of Euro 30,372,200.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2021

The credit agreement obtained for the financing of the Grain Terminal contains a series of financial covenants that must be fulfilled by the Company for each financial year.

The first year of testing is the year ended December 31, 2021.

The financial ratios as per contract are:

- Debt Service Coverage Rate - as a ratio between Cash Flow and Net Debt Service - having as reference value > 1.2

- Debt indicator- as a ratio between Net Financial Debts and EBITDA- having as reference value < 5

On December 31, 2021, both financial ratios were fulfilled.

d) Exceptional revenues and expenses

During 2021, exceptional revenues of 619,019 lei were registered, representing the amount collected from the execution of a quantity of 1,951 tons of coal brought to the Comvex Mineral Terminal by the client Viofeli.

e) Leasing and leaseback operations

At the end of 2021, the balance of leasing financing was RON 406.589, representing the equivalent of EUR 82.171 EUR. Leasing financing was contracted for the purchase of cars necessary for the activity.

f) Fees paid to auditors / censors

In 2021, the company paid the financial auditor the fees according to the contract concluded between the parties.

g) Contingent liabilities and commitments undertaken

The Company has the following commitments:

	<u>31 decembrie</u>
	<u>2021</u>
	(lei)
(i) Capital commitments	
(ii) Commitments related to operational leasing contracts in which the Company is tenant	
(iii) Guarantees granted to third parties	1.307.995
(iv) Contingent debts	
(v) Commitments related to pensions	

Derivative instruments

The company has no derivative instruments.

h) Commitments received**31 decembrie 2021****(lei)**

Received pledges and guarantees (letters of bank guarantee for paid advances)	212.734
Other received guarantees	<u>373.164</u>
Total	<u>585.898</u>

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
Quayside Trading SRL	Jointly controlled party	Client and Supplier
CRDV Associates SRL	Jointly controlled party	Repayment of the loan granted by Comvex in 2020

(1) Aquisitions of good and services

	<u>31 Decembrie 2020</u>	<u>31 Decembrie 2021</u>
	(RON)	(RON)
Aquisition of services		
<i>a) other jointly controlled parties</i>	<u>695.680</u>	<u>708.245</u>
Total	<u>695.680</u>	<u>708.245</u>

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

	<u>31 Decembrie 2020</u>	<u>31 Decembrie 2021</u>
	(RON)	(RON)
Receivables		
<i>a) other jointly controlled parties</i>	<u>645.272</u>	<u>397.272</u>
Total	<u>645.272</u>	<u>397.272</u>

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	<u>31 Decembrie 2020</u> (RON)	<u>31 Decembrie 2021</u> (RON)
Debts		
<i>g) other jointly controlled parties</i>	<u>131.848</u>	=
Total	<u>131.848</u>	=

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

(3) Borrowings for related parties

	<u>31 December 2020</u> (RON)	<u>31 December 2021</u> (RON)
Loans and interests		
<i>e) jointly controlled entities in which the entity is a shareholder</i>		
	<u>250.000</u>	=
Total	<u>250.000</u>	=

In 2021 CDRV Associates SRL repaid the loan granted by Convex in the amount of 250,000 lei. The loan was granted to CDRV, in which the Company has the quality of founder, to cover the expenses necessary for the current operations in accordance with its object of activity.

(4) Loans received

	<u>31 decembrie 2020</u> (lei)	<u>31 decembrie 2021</u> (lei)
Loan received from:		
<i>a) related parties</i>		
	<u>9.738.800</u>	<u>9.896.200</u>
Total	<u>9.738.800</u>	<u>9.896.200</u>

During 2020, Solidmet SRL has granted a loan for the Company amounting EUR 2.000.000 in order to cover the last amounts to be paid for the completion of the Cereals Terminal investment project. The loan has a maturity of 5 years starting with 01.05.2020 and 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

Descrerie	31.12.2020	31.12.2021
Maintenance and repairs expenses	2.518.767	3.464.058
Rent and royalties expenses	7.538.827	8.275.671
Insurance expenses	1.212.498	1.455.309
Studies and research	-	-
Exoenses related to training of personnel	12.722	38.557
Commissions and fees	1.429.571	2.012.533
Protocol, advertising and publicity expenses	484.310	1.120.441
Transport of personnel	216.907	192.912
Travel and transfer expenses	69.755	164.308
Post and telecommunications expenses	581.090	586.038
Banking fees and commissions and similar services	1.009.974	2.060.510
Other third party services	7.689.814	13.127.714
Total	22.764.235	32.498.050

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.

k) Subsequent events

There are no significant subsequent events.

The Company's performance for January and February 2022 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

	Financial year ended <u>31 December</u> <u>2020</u> (RON)	Financial year ended <u>31 December</u> <u>2021</u> (RON)
Operating activities:		
Net profit	1.172.520	32.387.501
Adjustments for net result reconciliation with the net cash used in operating activities:		
Value adjustment of tangible and intangible assets - net	11.518.420	21.519.597
Adjustments for provisions for current assets - net	570.167	459.209
Adjustments for provisions for financial assets - net	50.000	471.086
Provision adjustments for risks and charges - net		
Profit/(loss) from selling of tangible and intangible assets	(50)	118.334
Profit/(loss) from selling of financial assets or short term investments		
Income tax	-	939.833
Interest income	(3.898)	(1.491)
Interest expense	<u>1.107.720</u>	<u>4.005.393</u>
Increase of cash generated from operations before changes in working capital	14.414.879	59.899.462
Changes in working capital:		
(Increase)/decrease in trade receivables		
Balance and other receivables	2.663.835	(7.795.109)
(Increase)/Decrease in inventories balance	(663.296)	(3.562.020)
Increase in trade payables balance and other payables	<u>(10.519.999)</u>	<u>(2.348.279)</u>
Net cash flow generated from operations	<u>5.895.419</u>	<u>46.194.054</u>

10 CONTINGENCIES AND OTHER LITIGATIONS

(a) Litigations

- (1) On December 31, 2021, 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 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 0.03 euro /m2 amounts to 1,322,255.42 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, 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, 2021, the total value of the refused penalties was of 4,496,525 lei from which the amount of 2,407,751 lei represents refused penalties for the tariff of 0.05 euro/m2 and the difference of 2,088,774 lei - 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.

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 1,924,807.23 lei representing the tariff for using the port infrastructure calculated for the period of 30.01.2015 – 14.01.2016 at the level of 0,05 euro/m² and to the payment of delay penalties relative to the tariff for using the port infrastructure calculated at the level of 0,05 euro paid late. The rest of the claims relative to the payment of the counter value of the tariff for using the port infrastructure increased with 0,03 euro/m²/month were rejected as having no merits.

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

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. The revision has deadline on 25th of May 2022, at the Constanta Appeal Court, section II civil.

(2)

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, 0,02% per day of delay). In Romania, tax periods remain open for tax inspection for 5 years. The Company's management considers that the tax liabilities included in these financial statements are fairly stated.

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature _____

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL MANAGER

Signature _____