

## ANNUAL REPORT

Annual Report as per art. 223 lit. A Regulation no. 5/ 2018 concerning the issuers of financial instruments and market operations

For the financial year 01.01.2020 - 31.12.2020

**Date of report: April 28, 2021**

**COMVEX S.A.**

**Head office: Constanta, Port Precincts, Berth 80-84, code 900900**

**Phone / Fax: 0241-603051 / 0241-639010**

**Sole Registration Code: 1909360**

**Fiscal attribute: RO**

**Trade Registry no.: J13/622/20.02.1991**

**Market on which the securities are traded:** the alternative trading system ATS AeRO administered by the Bucharest Stock Exchange

**Subscribed and paid-up share capital: 29,139,927.5 RON**

**Main characteristics of the securities issued by the trading company: 11.655.971 nominative shares, with a nominal value of 2.5 RON/share**

### **1. Analysis of Comvex activity**

#### **1.1.**

##### **a) *Details on the main activity of the issuer***

The main activity of COMVEX S.A. is COMVEX: handling, loading and unloading bulk goods and other products compatible with the use of company quays, in/from ships and land transport means.

Comvex Terminal is specialized in handling, storing and transshipment of dry bulk raw goods such as iron ore, coal, coke, bauxite.

##### **b) *Incorporation date***

COMVEX S.A. was incorporated in 1991.

##### **c) *Details of any merger or significant restructuring of the issuer, its subsidiaries or the controlled entities, during the financial year***

During the financial year 2020 there were no mergers or reorganizations of the company.

##### **d) *Details on any asset procurement and/or sale***

Main increases in fixed assets performed during 2020:

- Investments in tangible fixed assets in progress 22,886,552 RON;

- Constructions and equipment 1,421,574 RON.

During 2020 the sold fixed assets have had a value of 58,711 RON.

e) *Details of the main results of any evaluation on the issuer activity*

Not applicable.

**1.1.1. General evaluation elements:**

- a) *Profit*  
gross profit 2020: 1,172,520 RON
- b) *Turnover*  
turnover: 89,549,921 RON
- c) *Export*  
Not applicable
- d) *Costs*  
costs: - Expenses from exploitation 94,555,791 RON  
- financial expenses: 5,897,596 RON
- e) *% of the market*  
20%
- f) liquidity (available in the account etc.) at 31.12.2020: 11,659,497 RON

**1.1.2. Comvex technical level evaluation**

**Description of main services provided, specifying:**

- a) *Main outlet market for each product or service and methods of distribution:*  
The company provides services of handling (loading, discharge and storage) of dry bulk goods.  
Comvex Mineral Terminal is a leader on the market, specialized in handling, storing and transshipment of dry bulk raw goods such as iron ore, coal, coke, bauxite, non-ferrous ores, operating from a modern and fully equipped facility location in the Port of Constanta.

The advantages offered by Comvex Terminal are: the possibility of mooring „cape size” vessels of great capacity – up to 220.000 tdw, discharge rate from maritime vessels of up to 45.000 tons/day, storage capacity of 4 million tons simultaneously. Due to its location and excellent possibility of access towards industrial areas of Europe, Comvex offers to suppliers raw materials from Australia, Brazil, India, Africa, USA and Canada, the possibility to deliver „just in time” raw materials towards industrial area from Romania, Hungary, Austria, Ukraine, Bulgaria and Serbia.

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 can provide grain producers in Romania, Hungary, Serbia, Bulgaria the possibility to deliver the obtained production on ships of great capacity, 100-120,000 tdw.

*b) Weight of each category of products or services in incomes and in the total turnover for the last 3 years.*

The Company is the supplier of a single type of service, that is handling and respectively storage of dry bulk goods.

**Weight of each category of products or services in incomes and in the total turnover:**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Total income from exploitation	83,561,630	158,697,058	100,762,241
Turnover	77,288,258	119,887,694	89,549,921

	<b>2018</b>		<b>2019</b>		<b>2020</b>	
	In total income from exploitation	In turnover	In total income from exploitation	In turnover	In total income from exploitation	In turnover
Income from services provision (handling)	83.33%	90.09%	48.57%	64.29%	77.36%	86.99%
Income from goods sales	5.29%	5.72%	24.30%	32.16%	8.16%	9.24%
Other incomes	11.38%	4.19%	27.13%	3.55%	14.48%	3.77%
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

*c) New products considered for which a substantial volume of assets will be allocated in the future financial year, as well as the stage of development of such products*

In order to diversify its activity, along with the Mineral 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 allows the direct operation of grain vessels of over 100,000 tdw, which creates an exceptional competitive advantage both for COMVEX as well as for the Port of Constanta, in its entirety. The accomplishment of the COMVEX Terminal is a premiere in Romania and is opening 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 August 2027. The balance of the facility credit at 31.12.2020 amounted to EUR 35,484,200.

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

**1.1.3. Evaluation of the technical and material supply activity (indigenous sources, import sources). Specifying information about the safety of supply sources and the prices of the raw materials and the dimensions of the stocks of raw materials and materials.**

Most of the machines used by Comvex are specialized and therefore there is a small number of suppliers / manufacturers of such equipment and spare parts, so that the company must get in a supply of specific spare parts stocks of great value in due time, the suppliers being selected depending on the internal working procedures, meeting the quality requirements of quality management standard ISO 9001:2015.

The goods loading and unloading operations involve a significant equipment number and the correct functioning of the involved equipment is ensured by way of permanent maintenance and service works.

Although the Company is constantly preserving a safety stock for the replacement parts and essential materials for the performance of its activity, any potential decrease or stop of the main provider's activity due to the persistence of the current general situation determined by the Covid-19 Pandemic could determine disruptions in providing the required material and replacement parts that are necessary for ensuring the correct functioning of the equipment and machines.

**1.1.4. Evaluation of sales activity**

**a) Description of sales evolution sequentially on the domestic market and / or foreign market and of the perspectives of sales on a medium and long term.**

Regarding the activity of the Mineral Terminal, the Company took into consideration the continuous improvement of terminal activity and the high standards of services offered to the Company's clients.

During the year 2020, Comvex Mineral Terminal has provided handling services, storing and transshipment of bulk raw goods such as iron ore, coking coal, energy coal, coke, bauxite, clinker for clients such as Aria SE, Transport Trade Services, Liberty Galati (ex Arcelormittal Galati), Vitol Switzerland, Brightroad, Alum S.A. Tulcea, CRH Romania, CRH Serbia, Danube Transport Services, C. Steinweg Romania, Sisecam Soda Lukavac, Danube Shipping Management.

The Grain Terminal has provided handling services, storing and transshipment for clients such as Glencore Agriculture Romania, Al Drahra Agriculture, TOI Coomodities, Global Grain International, Cargill, Cerealcon, ADM Romania Trading, Agent Plus.

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

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

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

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

*b) Description of the competitive situation in the field of activity, of the weight on the market of the products or services and of main competitors.*

During the year 2020, the percentage of Comvex Mineral Terminal on the handling services market for the iron ore, coal, coke, bauxite was of approximately 60%. Among the company's competitors we list: North Star Shipping, TTS Operator S.A, Socep S.A, Decirom, Umex S.A, Schenker, Chimpex.

As regards the Grain Terminal, its percentage on the handling services market for grains was of approximately 6%, taking into consideration the fact that it has only started being operated during the second half of the year 2020.

Among the company's competitors there are: United Shipping Agency, North Star Shipping, Chimpex, Socep, Umex, Silotrans, Canopus Star.

*c) Description of any significant dependence of the issuer on a single client or on a group of clients whose loss would cause a negative impact on the revenues of the company.*

Given the industry that the Company is serving, respectively the steel industry, as well as the specificity of the services provided, the company activity is influenced by its evolution.

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

decrease of the purchase power, and therefore the decrease of the request for products of the above mentioned industries (e.g. vehicles).

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

By building the Grain Terminal, respectively the diversification of the company activity, the impact of the steel industry will be lower in the future.

#### **1.1.5. Evaluation of aspects related to employees/personnel**

- a) *Specification of the number and level of training of the employees, as well as of the degree of unionization of the workforce.*

Average number of employees during the year 2020: 291

The level of training of the employees is medium and higher education level.

Within the company the Operation Trade Union is performing.

- b) *Description of the relationships between the manager and the employees, as well as of any other conflicting elements that characterize these relationships.*

The relationship between managers and employees as well as between trade union representatives is a collaboration one.

#### **1.1.6. Evaluation of aspects related to the impact of the issuer's main activity on the environment.**

*Synthetic description of the impact of basic activities on the environment, as well as of any existing or expected litigations on violation of environmental legislation.*

In 2020, the Company held the Environment Authorization no. 130/12.05.2014 issued by the Environmental Protection Agency of Constanta.

During 2020 the measures related to this year have been fully completed, in accordance with the Compliance Program, an integral part of the Environmental Authorization held by the Company. The Environment Authorization no. 130 was valid until 2021 and on this date, the Environmental Protection Agency of Constanta issued a new authorization, respectively the Authorization no. 24.

#### **1.1.7. Evaluation of research and development activity.**

*Specification of expenditure in the financial year, as well as expenses expected in the following financial year for the research and development activity.*

Not applicable.

#### **1.1.8. Evaluation of company activity concerning risk management.**

*Description of the issuer's exposure to price risk, credit risk, liquidity and cash flow risk.*

*Description of policies and objectives of the company related to risk management.*

Both the Company's revenues and expenses were correlated to the euro by setting the tariffs for the deliverables / services performed in euro and by correlating the company's main expenses to the same currency (wages, rent).

Time limits for the collection of debts were correlated with the payment terms of the debts.

Also, the correlation of assets and liabilities in the short and long term was pursued, by making medium and long-term investments from medium and long-term resources.

During the year 2020, given the economic general uncertainty generated by the Covid – 19 Pandemic and, consequently the drop in activity, in order to ensure the business continuity and minimizing the cash flow risk, the Company enforced the provisions of the Government Emergency Ordinance no. 37/2020 regarding the granting of facilities for loans granted by credit institutions and non-bank financial institutions to certain categories of debtors and the implementing rules. Therefore, starting with June 2020, in order to be able to properly manage the difficulties arising from short and medium term drop of the flow of goods and, consequently, the drop in cashing during this period of time, the Company requested and was granted with a grace period for the payment of the capital rates to the Financing Parties, for a period of time lasting until December 31, 2020. The capital rates that have been postponed for payment amounted Euro 4,912,000 and have been rescheduled for a period equal to the grace period and therefore, the credit facility period has been extended with the grace period, in accordance with the provisions of article 2 para (2) of the GEO 37/2020.

#### **1.1.9. Perspectives on Convex's activity**

- a) *Presentation and analysis of trends, elements, events or uncertainty factors affecting or likely to affect the issuer's liquidity compared to the same period of the previous year.*

As was the case in the previous year, during 2020, the company's liquidities were achieved through the policy of receivables tracking / collecting management as well as by correlating the collection times of customers with suppliers' payments.

- b) *Presentation and analysis of the effects of current or anticipated capital expenditures on the issuer's financial situation compared to the same period of the previous year.*

In 2020, the total capital expenditures amounted to RON 24,420,736, out of which RON 22,886,552 represent investments in tangible fixed assets in progress, RON 1,421,574 investments in equipment and constructions and RON 112,610 intangible assets. The capital expenditures were registered in relation to the Grain Terminal and modernizing the equipment and machineries, as well as the purchase of new equipment .

Similar to the previous year, the investments made in 2020 aimed the growth of the Company and the development of the Grain Terminal.

- c) *Presentation and analysis of events, transactions, economic changes that significantly affect revenues from main activity.*

Income earned by the Company from its main business is directly proportional to the amount of raw materials handled, the evolution of the related industry influencing these quantities of raw materials.

Tariffs negotiated with customers are set in foreign currency, a possible depreciation / appreciation of the exchange rate being likely to influence the Company's revenues.

## **2. Tangible assets of the company**

### **2.1. Specifying the location and characteristics of the main production capacities in the company's property.**

#### **Mineral Terminal**

Location and characteristics of the main production capacities:

- Maritime Vessels Operation Front (5 berths): 3 unloading bridges of 50 tf, with a productivity of 2.000 tons /hour/bridge; one of the bridge is in association with ArcelorMittal Galati SA.
- Barges Operation Front (3 berths): 3 barge loading machines with a productivity of 2.000 tons/hour/ machine; one of the machines is in association with ArcelorMittal Galati SA;
- Railway Terminal: a wagon loader with a loading capacity 20.000 tons/day; the Railway Terminal represents an association with ArcelorMittal Galati SA;
- Warehouse (600.000 sqm): 4 combined delivery / receipt machines, with a productivity of 1.400-4.000 tons/hour/machine at delivery and 1.400-2.000 tons/hour/machine upon receipt, depending on the type of material handled.
- Operation Fronts, Railway Terminal and the warehouse are served by a conveyor belt system with a total length of 22 km.

#### **Grain Terminal**

The total storage capacity: approximately 200,000 mt, calculated for wheat.

The storage area is consists of 18 large flat-bottomed silo cells (12 x 10,000 mt and 6 x 10,900 mt), 6 small flat-bottomed silo cells (2,250 mt each) and 6 conical-bottomed cells.

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

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

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



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

## **2.2. Description and analysis of the degree of wear and tear of the company's properties.**

During 2020, the Company has revised the accountant policy on estimating the expected way of consuming the future economic benefits incorporated within the depreciable assets by implementing, starting with January 1, 2020, the depreciation method in accordance with the provisions of OMFP 1802/2014, article 240 point (1) para. d) "the depreciation calculated based on the product or service unit" for tangible fixed assets that are directly involved in operating the total quantity that remained to be handled during the rest of the utilization lifetime of Comvex Mineral Terminal equipment.

The other tangible fixed assets related to the Grain Terminal, respectively other shared assets that are used for the activity of both terminals, shall continue to depreciate based on the method that was used until December 31, 2019, respectively straight line depreciation. In relation to the above mentioned assets, the depreciation shall be determined based on the entry value, by applying the straight line depreciation method during the utilization lifetime of the assets.

<b>Tangible assets</b>	<b>Duration remained for depreciation (years)</b>
Buildings and constructions	60
Technological equipment	23
Indicators and control devices	18
Means of transport	25
Furniture and other fixed assets	16

## **2.3. Specifying potential issues related to ownership of tangible assets of the company.**

There is no problem related to the ownership of tangible assets of the company.

## **3. Market of the securities issued by the trading company**

### **3.1. Stating the markets in România and from other countries on which the issued securities are negotiated.**

Shares issued by Comvex are traded on the Alternative Trading system managed by the Bucharest Stock Exchange (AeRO).

### **3.2. Description of the issuer's policy regarding dividends. Specification of dividends due / paid / accumulated over the last 3 years and, if appropriate, of the reasons for the possible diminishing of dividends over the last 3 years.**

For the year 2018, General Assembly of the Shareholders decided not to distribute dividends, the profit remaining undistributed.

For 2019, the profit for which he benefited from the tax exemption, according to the provisions of art. 22 of Law 227/2015 on the Fiscal Code, was distributed to reserves, less the part related to the legal reserve. The decision is not to distribute dividends. These decisions took into account the development of the investment Cereal Terminal.

Allocation to reserves of the profit for which he benefited from the tax exemption, less the part related to the legal reserve.

For the year 2020, the General Meeting of Shareholders decided not to distribute dividends, the profit remaining undistributed.

*3.3. Description of any activities of the issuer for the purchase of own shares.*

Not applicable.

*3.4. If the issuer has subsidiaries, stating the number and the nominal value of the shares issued by the parent company held by subsidiaries.*

Not applicable.

*3.5. If the issuer has issued bonds and / or other debt securities, presentation of the way in which the issuer fulfills its obligations towards the holders of such securities.*

Not applicable.

#### **4. Company management**

**4.1. Presentation of the list of issuer's managers and the following information for each manager:**

a) CV (name, surname, age, qualification, professional experience, position and seniority in office);

**During 2020, the composition of the Board of Directors was the following:**

The Board of Directors nominated by the Decision of the Ordinary General Assembly of the Shareholders no. 302 from 24<sup>th</sup> of September 2018, for a mandate of 4 years, respectively 2018 – 2022, having the following composition:

<b>Name and surname</b>	<b>Position</b>
Panait Viorel	President of BoD
Dan-Ion Drăgoi	BoD Member
Idu Corneliu Bogdan	BoD Member
Edmond Costin Șandru	BoD Member

**Viorel PANAIT** - He graduated the Faculty of Mechanics within the Polytechnic Institute of Bucharest and the Faculty of Economic Sciences within Ovidius University of Constanta,

specialty International Transactions. Post university studies: Port management courses IPER, Le Havre, France; Port handling equipment for bulk cargo operations; Operation of bulk cargo in seaports. Professional experience: he has over 27 years of experience in port operation. 1981 – 1991 engineer at Port Operation Enterprise MTTc - Head of Department.

**Dan Ion DRĂGOI** - Is a graduate of the Aircraft Faculty of Bucharest. Postgraduate courses: Port handling equipment for bulk cargo operations; Operation of bulk cargo in seaports. Professional experience: he was a General Manager of the Aircraft Factory and of the Aviation Authority. Between 1990 – 1992 he was a Councilor of the Deputy Prime Minister and a State Secretary.

**Corneliu Bogdan IDU** - Is a graduate of Mircea cel Batran Naval Academy. Postgraduate courses: Port handling equipment for bulk cargo operations; Operation of bulk cargo in seaports. Professional experience: 2002 – 2005 Maritime Officer III at Octogon Shipping & Services SRL, 2005 – 2006 Maritime Officer I Ships Manpower SRL, starting from 2006 – engineer at Octogon Shipping & Services SRL.

**Edmond Costin SANDRU** - He is a graduate of the Faculty of Civil Marine within Mircea cel Bătrân Naval Academy of Constanța, profile naval engineering and navigation. Postgraduate courses: Maritime University of Constanța, courses Port handling equipment for bulk cargo operations; Operation of bulk cargo in seaports; (ii) Professional experience: has over 13 years of experience in companies within the port field activity, Comvex S.A., Phoenix Shipping & Trading S.R.L., Ana Timar Agent S.R.L., SVAD Shipping S.R.L. and Chimpex S.A.

The activity of the Board of Directors was evaluated in accordance with the Directors report for the year 2020.

The President of the Board of Directors, Viorel PANAIT is also a General Manager of the Company.

In accordance with the provisions of the Law no. 31/1990 relayed to trading companies, republished and modified, art. 143 paragraph. 1 and 5, the management of the Company has been delegated to the General Manager.

## **REMUNERATION AND BENEFITS**

The Ordinary General Assembly of the Shareholders established the following mechanism applicable for the remunerations of the Managers and the one of the General Manager:

- by decision of the Ordinary General Assembly of the Shareholders no. 303 from 24<sup>th</sup> of September 2018, it has been set that during the term of office 2018-2022, *the remuneration due to the members of the Board of Directors shall be maintained at the level established by decision of the Ordinary General Assembly of the Shareholders no. 214/25.09.2014, respectively 50% from the gross remuneration of the General Manager. During the term of office, for the members of the Board of Directors the costs related to communication, transport, car, delegations, daily subsistence, accommodation, protocol will be borne, for a private pension insurance, as well as for health insurance*.
- by decision of the Ordinary General Assembly of the Shareholders no. 304 from 24<sup>th</sup> of September 2018, there have been set the additional remunerations for the members of the Board of Directors, as follows: *during the term of office 2018-2022, the general limits of the additional remunerations for the members of the Board of Directors shall be*

*maintained at the level established by decision of the Ordinary General Assembly of the Shareholders no. 215/25.09.2014, respectively, between 10% and 30% of the remuneration of the managers”.*

Based on the approval of the General Assembly of the Shareholders no 304 of September 24, 2018 there have been set the additional remunerations for the members of the Board of Directors that fulfil specific duties within the Board of Directors, respectively the members of the Audit Committee, the Remuneration Committee and Project Analysis Committee.

- The general limits of the remunerations of the General Manager were set by decision of AGOA, respectively: between 5 and 30 average gross salaries in the Company. Based on the approval of the General Assembly of the Shareholders, the Board of Directors established that the remuneration of the General Manager should be of 15 Company average gross salaries\*.

In the table below it is presented the method of calculating the remuneration paid to the managers and to the general manager, by reference to the above mentioned mechanism.

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

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

- b) *Any agreement, understanding or family relationship between the respective manager and another person due to whom that person has been appointed administrator.*  
Not applicable.

c) *Manager's participation in the issuer's capital*

- Viorel Panait – 1.259 shares (0,0108% of the share capital);
- Dan Ion Drăgoi – 1.540 shares (0,0132% of the share capital) ;
- Bogdan Corneliu Idu – 79 shares (0,0006% of the share capital);
- Edmond Costin Șandru – 59 shares (0,0005% of the share capital).

d) *List of affiliated persons:*

In the sense of the provisions of Art. 7 point 26 of Law 227/2015 regarding Tax Code, with subsequent modifications and additions, the affiliates of Comvex are:

- Solidmet SRL,
  - Liberty Holdco Galati&Skopje Limited loc. London GBR,
- both holding more than 25% of the securities.

#### **4.2. Presentation of the list of members of the executive management of the issuer**

**Executive management of the company:**

Irina - Violeta Oprea - Financial Manager  
Alexandru Toader – Mineral Terminal Operational Manager  
Dan Dolhin – Grain Terminal Operational Manager

- a) *Term for which the person is a part of the executive management;*  
The persons who are part of the executive management of the company are employed for an indefinite period of time.
- b) *Any agreement, understanding or family relationship between that person and another person due to whom that person has been appointed member of the executive management;*  
Not applicable.
- c) *Participation of that person in the issuer's capital.*  
Shares issued by the company and held by the members of the executive management:  
  
Not applicable.

4.3. *For all the persons presented at point 4.1 and 4.2 specifying possible litigation or administrative procedures in which they were involved, in the last 5 years, regarding their activity within the company-issuer as well as those related to the capacity of that person to fulfill his/her duties within the company - issuer.*

Not applicable.

**5. Financial-accounting situation.**

Annual financial statements concluded on 31.12.2020 are attached.

The balance sheet has been audited and certified by the independent financial auditor.

The financial auditor who audited the financial statements of the year 2020 is PricewaterhouseCoopers Audit SRL (The audit report is attached).

**a) Balance sheet items: assets representing at least 10% of total assets; cash and other liquid assets; reinvested profits; total current assets; total current liabilities.**

	2018	2019	2020
FIXED ASSETS	295,999,201	442,260,715	446,397,271
TRADE RECEIVABLES	16,691,055	20,475,998	18,109,173
CASH AND LIQUID ASSETS	13,424,137	15,548,526	11,659,497
SHORT TERM INVESTMENTS	-	-	-
TOTAL CURRENT ASSETS	47,556,719	56,159,780	49,134,135
CURRENT LIABILITIES	35,261,759	67,134,737	59,825,740
TOTAL ASSETS MINUS CURRENT DEBTS	312,322,683	436,401,293	441,360,691

**b) Profit and loss account: net sales; gross income; cost and expense items with a weight of at least 20% in net sales or gross incomes; risk provisions and for various expenses; reference to any sale or**

*closure of a segment of activity performed in the last year or to be carried out in the following year;  
dividends declared and paid;*

	2018	2019	2020
NET SALES - (TURNOVER)	77,288,258	119,887,694	89,549,921
GROSS INCOME -(TOTAL INCOME from operation)	83,561,630	158,697,058	100,762,241
STAFF COSTS	24,792,481	29,272,089	30,825,641
EXPENDITURE ON EXTERNAL PROVISIONS	20,201,406	22,652,680	22,764,235
OTHER OPERATION COSTS	28,993,068	87,318,624	40,915,915
ADJUSTMENTS FOR PROVISIONS	-	-	50,000

**c) Cash flow:** *all changes occurred in cash level in the main business, investments and financial activities, the level of cash at the beginning and at the end of the period.*

### **Cash flows situation**

	<b>Note</b>	<b>2019</b>	<b>2020</b>
		<b>(lei)</b>	<b>(lei)</b>
<b>Cash flows from operating activities:</b>			
Net cash flow generated from operating activities		42,314,527	5,895,419
Interest paid		(89,371)	(1,120,442)
Income tax paid		(1,418,144)	-
<b>Net cash from operating activities</b>		<b><u>40,807,012</u></b>	<b><u>4,774,977</u></b>
<b>Cash flows from investment activities:</b>			
Cash payment for the purchase of land and fixed assets, intangible assets and other long-term assets		(74,331,045)	(17,679,973)
Cash receipts from the sale of land and buildings, installations and equipment, intangible assets and other long-term assets		815,795	50
Interest receipts		4,069	3,898
Dividends received	-	-	-
Payment in cash for the acquisition of participation interests or investments in financial assets	-	-	-
<b>Net cash from investment activities</b>		<b><u>(73,511,181)</u></b>	<b><u>(17,676,025)</u></b>
<b>Cash flows from financing activities:</b>			
Cash receipts from credits		37,876,600	9,676,202
Cash repayments of borrowed amounts		(6,074,264)	(2,834,436)
Granted loans	-	-	(250,000)
Cash payments of the lessee to reduce the liabilities related to financial leasing operations		(636,726)	(807,726)
Effect of exchange rate fluctuations on loans and debts		3,662,948	3,227,979
Equity Increase	-	-	-
Dividends paid	-	-	-
<b>Net cash from financing activities</b>		<b><u>34,828,558</u></b>	<b><u>9,012,019</u></b>
<b>Net increase in cash and cash equivalents</b>		<b><u>2,124,389</u></b>	<b><u>(3,889,029)</u></b>
Cash and cash equivalents at the beginning of the financial year		<u>13,424,137</u>	<u>15,548,526</u>
Cash and cash equivalents at the end of the financial year		<b><u>15,548,526</u></b>	<b><u>11,659,497</u></b>

**Appendixes:**

Financial Statements  
Report of the financial auditor ;  
Board of Directors Report;

**President of the Board of Directors,  
General Manager,**

Viorel Panait

**Financial Manager,**

Irina Oprea



## CORPORATE GOVERNANCE

### STATEMENT REGARDING THE CORPORATE GOVERNANCE

Provisions of Principles of Corporate Governance for AeRO-BVB market	Observes	Does not observe or partially observes	Reason for non conformity/Other mentions
<b>A.1.</b> The Company must have an intern regulation of the Board which includes terms of reference regarding the Board, key management positions for the Company, management of the conflict of interests	YES		
<b>A.2.</b> Any other professional commitments of the Board Members, inclusively the position of executive or non-executive member of the Board of other companies (excluding branches of the company) and non-profit organisations, shall be brought to the attention of the Board before the nomination and during the mandate	YES		
<b>A.3.</b> Each member of the Board shall inform the Board regarding any connection with a shareholder who owns directly or indirectly shares representing no less than 5% of the total number of voting rights.	YES		
<b>A.4.</b> The annual Report must inform if a Board evaluation took place, under the management of the President. It must also contain the number of meetings of the Board.	YES		
<b>A.5.</b> There is a procedure regarding cooperation with the Certified Consultant for the period in which this cooperation is imposed by BVB	YES		
<b>B.1.</b> The Board shall adopt a policy so that any transaction of the company with a branch representing 5% or more of the net assets of the company, according		NO	This is not the case, as Comvex does not have branches. In case Comvex shall

to the most recent financial statements, be approved by the Board			have branches, the Board of Directors shall adopt the necessary policies.
<b>B.2.</b> The internal Audit must be performed by a separate organisational structure (the department of internal audit) within the company or by the services of a independent third party, which shall report to the Board, and, within the company shall report directly to the General Manager.	YES		
<b>C.1.</b> The Company shall publish in the annual report a section which shall include the total income of the Board Members and the General Manager for the respective financial year and the total value of all bonuses or any variable compensations and, also, the key hypotheses and principles for the calculus of the above mentioned income.	YES		
<b>D.1.</b> Additionally to the information provided by legal provisions, the company's internet page shall contain a section dedicated to the Relationship with the Investors, both in Romanian as well as in English, with all relevant information interesting for the investors	YES		
<b>D.2.</b> The Company must have adopted a company dividend policy, as a set of directions regarding the distribution of the net profit, policy which the company states it shall observe. The principles of the dividend policy must be published on the company's internet page		Partially	The Company prepared a set of general principles regarding the dividend policy. The Company's dividend policy took into account the development of the investment project Grains Terminal and the financing conditions for this investment.
<b>D.3.</b> The Company must have adopted a policy regarding prognosis and if these shall be supplied or not.	YES		
<b>D.4.</b> The Company must establish			

the date and place of a general meeting so that it could allow the participation of as many shareholders as possible.	YES		
<b>D.5.</b> The financial statements shall include information both in Romanian as well as in English, regarding the main factors which influence changes at the level of sales, operational profit, net profit or any other relevant financial indicator.	YES		
<b>D.6.</b> The Company shall organise at least one meeting / phone conference with annalists and investors, each year. The information presented on these occasions shall be published in the section Relationship with the Investors from the company's internet page, at the moment of that meeting / phone conference.	YES		The Company shall promote the organisation of such a conference after the publishing of the financial results, both of the company as well as those of other market players.

President of the Board of Directors,  
General Manager,

Viorel Panait

Economic Manager,

Irina Oprea

**PRESS RELEASE**  
**regarding the availability of Annual Report for 2020**

Comvex S.A. Constanța, registered with Constanța Trade Registry under number J13/622/1991, Unique Registration Code 1909360, having its registered office in Constanta, Incinta Port, Dana 80-84, Constanța county, Romania, traded at the alternative trading system ATS AeRO administered by the Bucharest Stock Exchange, symbol CMVX,

informs the shareholders and investors that the **Annual report for 2020** is available and can be consulted at the Company's registered office or from the Company web site [www.comvex.ro](http://www.comvex.ro), on Investors Relation- section.

Please access the link here below to view the 2020 Annual Report.

Contact: Madalina Militaru.

Phone: 0241-603051, fax 0241-639010.

President,

Viorel Panait

**COMVEX SA**

**STAND ALONE ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2020**

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

**COMVEX SA**

**STAND ALONE ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR CONCLUDED 31 DECEMBER 2020**

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Balance sheet	1 - 3
Profit and loss statement	4 - 6
Statement of treasury cash flows	7
Statement of changes in shareholders' equity	8 - 9
Notes to the financial statements	10 - 40

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

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

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

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

**COMVEX SA**

**BALANCE SHEET**

**Code (10)**

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



**COMVEX SA**

**BALANCE SHEET**

**Code (10)**

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

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

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature\_\_\_\_\_

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL DIRECTOR

Signature\_\_\_\_\_

**COMVEX SA**  
**PROFIT AND LOSS STATEMENT**

**(Code 20)**

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

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

**COMVEX SA**

**PROFIT AND LOSS STATEMENT**

**(Code 20)**

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

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

**COMVEX SA**  
**PROFIT AND LOSS STATEMENT**

**(Code 20)**

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

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

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

Unit's stamp

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

COMVEX SA

PROFIT AND LOSS STATEMENT

(Code 20

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

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature\_\_\_\_\_

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL MANAGER

Signature\_\_\_\_\_

COMVEX SA

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

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

COMVEX SA

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

---

Shareholders' equity	Balance at	Decreases		Balance at	Decreases		Balance at
			/			/	
<u>Item</u>	<u>1 January 2019</u>	<u>Increases</u>	<u>Distribution</u>	<u>31 December 2019</u>	<u>Increases</u>	<u>Distributions</u>	<u>31 December 2020</u>
	(RON)	(RON)	(RON)	(RON)	(RON)	(RON)	(RON)
	1	2	3	4	6	7	8
Profit or loss of the financial year							
Credit balance	7.612.510	15.293.843	7.612.510	15.293.843	1.172.520	15.293.843	1.172.520
Profit distribution	<u>457.080</u>	<u>15.293.843</u>	<u>457.080</u>	<u>15.293.843</u>	<u>58.626</u>	<u>15.293.843</u>	<u>58.626</u>
Total shareholders' equity	<u>186.666.564</u>	<u>103.295.133</u>	<u>8.895.235</u>	<u>281.066.463</u>	<u>6.657.143</u>	<u>11.964.936</u>	<u>275.758.670</u>

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature\_\_\_\_\_

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL MANAGER

Signature\_\_\_\_\_

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

COMVEX SA

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020

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REPORTING ENTITY

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

**1 FIXED ASSETS**

**a) Intangible assets**

**Concessions,  
patents, licenses, trademarks, similar  
rights and  
values and other  
Intangible  
assets  
(RON)**

---

**Gross value**

Balance at 1 January 2020	3.639.474
Increases	112.610
Ceded assets, transfers and other reductions	<u>39.653</u>
Balance at 31 December 2020	3.712.431

**Accumulated value adjustments (\*)**

Balance at 1 January 2020	1.844.900
Adjustments in the current financial year	255.371
Reductions or reversals	<u>39.653</u>
Balance at 31 December 2020	2.060.618

**Net carrying amount  
at 1 January 2020**

1.794.574

**Net carrying amount  
at 31 December 2020**

1.651.813



COMVEX SA

NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020

b) Tangible assets

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

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

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

**Revaluation of tangible assets**

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

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

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

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

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

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

**c) Financial assets**

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

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

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

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

**2 PROVISIONS**

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

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

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

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

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

**3 PROFIT DISTRIBUTION**

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

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

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**4. LIABILITIES SITUATION**

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

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

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

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

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

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

**5. ACCOUNTING POLICIES, PRINCIPLES AND METHODS**

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

**A Basis for preparation of financial statements**

**1. General information**

These financial statements have been prepared in accordance with:

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

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

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

The financial statements belong to COMVEX SA and include:

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

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

**2. Use of estimates**

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

**3. Going concern**

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

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

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4. Measurement currency

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

**B Foreign currency translation**

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

**C Intangible assets**

(i) Development expenses

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

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

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

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

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

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

(iii) Advance payments and other intangible assets

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

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

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

**D Tangible assets**

1. Cost/ valuation

Tangible assets are initially evaluated at acquisition cost.

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



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

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

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

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

Next for each terminal the methodology is the following:

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

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

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

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

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

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

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

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

**2. Depreciation**

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

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

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

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

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

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

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

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

**3. Tangible assets sale/discarding**

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

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

**4. Borrowing costs**

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

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**5. Sale and leaseback**

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

**6. Real estate investments**

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

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

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

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

**E Impairment of tangible and intangible assets**

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

**F Financial assets**

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

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

**G Inventories**

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

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

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

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

**H Trade receivables**

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

**I Short term financial investments**

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

**J Cash and cash equivalents**

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

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**K Share capital**

Ordinary shares are classified as own equity.

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

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

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

**L Dividends**

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

**M Borrowings**

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

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

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

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

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**N      Accounting for leases where the Company is the lessee**

(1)   Financial leasing agreements

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

(2)   Operating lease agreements

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

**O      Trade payables**

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

**P      Provisions**

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

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

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

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**NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS**

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**Q Employee benefits**

*Pensions and other post retirement benefits*

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

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

**R Capital subsidies**

(1) Subsidies related to assets

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

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

(2) Subsidies related to expenses

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

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

**S Taxation**

*Current income tax*

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

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



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

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

- Legal reserve;
- Other reserves.

**T Revenue recognition**

Revenues comprise the sold goods and provided services.

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

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

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

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

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

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

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

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

**U Turnover**

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

**V Operating expenses**

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

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

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

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**W Financial expenses**

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

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

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**6. INVESTMENTS AND FINANCING SOURCES**

**a) Investment certificates, securities and convertible bonds**

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

**b) Share capital**

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

The structure of shareholders on December 31<sup>st</sup>, 2020 is the following:

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

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

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

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

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

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

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

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

b) **Employees**

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

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

Expenses with personnel include the following:

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

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**NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**

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**8. OTHER INFORMATION**

**a) Information regarding the Company**

COMVEX S.A. was incorporated in 1991, being the biggest specialized terminal in operating solid raw materials in bulk from the Black Sea area, covering a surface of de 700,386 m<sup>2</sup> South of Constanța Port, Romania.

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

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

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

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

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

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

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

**c) Financing**

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

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

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

Taking into consideration the economic general context generated by the Covid-19 Pandemic and, consequently the drop in activity, in order to ensure the business continuity and efficiently address the medium term pandemic effects, the Company enforced the provisions of the Government Emergency Ordinance no. 37/2020 regarding the granting of facilities for loans granted by credit institutions and

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**NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS**

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non-bank financial institutions to certain categories of debtors ("GEO 37/2020") and the implementing rules.

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

Thus, the new maturity date of the credit facility is August 8, 2027 and the credit facility balance at December 31, 2020 was of Euro 35.484.200.

**d) Exceptional revenues and expenses**

During 2020, exceptional revenues of RON 1.059.528 were registered, representing the auction award price of a quantity of 8.04,.52 tons of coal brought into the Comvex Minerals terminal by the Viofeli client.

In April 2019 Comvex concluded with Viofeli the contract no. 719 / 09.04.2019 for the handling of 6.000 tons of coal. At the client's request, in June was signed appendix no. 1 to supplement the quantity of coal handled in the Comvex Terminal, respectively up to 500.000 tons. From the information provided by the client, the coal unloaded in the Comvex terminal was to be expedite to Mintia Deva thermal power plant.

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

In order to recover the amount of lei 1.911.095 the Company submitted a claim with the Commercial and Maritime Arbitration Court attached to CCINA Constanța. As a consequence of the Court ruling, the Company was able to successfully tender during an auction the total quantity of 8.043,52 tons of coal from the goods brought by the client Viofeli to Comvex Mineral terminal.

From the uncollected balance from Viofeli, amounting lei 1.911.095,10 at the beginning of 2020, the Company was able to collect the amount of lei 1.640.746 by mean of selling the tendered coal, the difference amounting lei 270.349 representing loss during 2020. In order to recover this loss, the Company is currently carrying on with the applicable procedures for enforcing additional coal quantities that shall be further sold.

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**e) Leasing and leaseback operations**

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

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

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

**g) Contingent liabilities and commitments undertaken**

The Company has the following commitments:

**31 December 2020**  
**(RON)**

(i) Capital commitments

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

(iii) Guarantees granted to third parties

1.299.103

(iv) Contingent debts

(v) Commitments related to pensions

**h) Commitments received**

**31 December 2020**  
**(RON)**

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

2.027.863

Other received guarantees

562.807

**Total**

2.590.670

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

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

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



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(1) Aquisitions of good and services

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

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

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

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

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

(3) Borrowings for related parties

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

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

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

**(4) Loans received**

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

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

**j ) Other expenses regarding third parties**

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

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

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

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**9. NET CASH FLOW FROM OPERATING ACTIVITY**

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

**COMVEX SA**

**NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**

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**10. CONTINGENCIES**

**(a) Litigations**

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

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

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

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

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

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

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

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

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**NOTES TO THE STAND ALONE ANNUAL FINANCIAL STATEMENTS**

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Raimondo de Rubeis in his capacity as plaintiff, has also submitted with the Bucharest Court a claim regarding the annulment of purchase of a number of 40 shares issued by Comvex S.A. by Mrs. Drăgoi Anca Mihaela and Mrs Nicola Ruxandra Ioana and of a number of 2,050,000 shares issued by Comvex S.A, subscribed during the share capital increase by each of Mrs. Drăgoi Anca Mihaela and Mrs. Nicola Ruxandra Ioana. The claim is subject to file no. 27863/3/2019 and we should mention the following in relation to this file: during the hearing of January 17, 2020, the file was declined from the Bucharest Court to Constanta Court and the next term in this case will be on 14.04.2021.

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

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

**(b) Taxation**

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

ADMINISTRATOR

Name and surname PANAIT VIOREL

Signature\_\_\_\_\_

Unit's stamp

DRAWN UP BY,

Name and surname OPREA IRINA

Position FINANCIAL MANAGER

Signature\_\_\_\_\_

## COMVEX DIRECTORS REPORT FOR THE FINANCIAL YEAR 2020

### General introduction

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

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

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

Comvex is the only terminal operating solid bulk goods in the Black Sea area, that has the capacity to cater for Cape size vessels (up to 220,000 tdw), holding a discharge line at the maritime quay formed of 5 berths with a total length of 1,400 m and water depth comprised between 10.8 and 18.5 m. In addition, COMVEX benefits geographically from having access through the waterway network which includes the Danube, being located within the close vicinity of the East end of the Danube-Black Sea Canal, so that Constanta Port is at the same time a Danube river port.

Due to its location and excellent access potential to industrial areas in Europe, COMVEX is able to provide its customers, such as major bulk raw material providers in Australia, Brazil, India, Africa, USA and Canada, the ability to make deliveries to industrial plants in Romania, Hungary, Austria, Ukraine, Bulgaria, and Serbia, on a “just in time” basis.

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

The Company has implemented an integrated management system, being certified on quality management standards ISO 9001:2015, environment management system according to ISO 14001:2015 and health and security at work management system according to ISO 45001:2018. Additionally, the Grain Terminal is certified according to ISO standard 22000:2018 (food management system). It is also compliant with the requirements of the International Ship and Port Facility Code Security (ISPS).

The Company carries out its activity by applying internal control standards and procedures, by complying with the requirements of all hierarchic and operational levels: approval, authorization, verification, operating performances assessment, assets securing, separation of positions. As for the human resources policy, the Company considered its employees` professional training according to the position assignments and responsibilities. To assess the

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internal control, the Company's management implemented the Internal Organization Rule and the internal procedure manuals. The internal auditors are those assessing the internal control system of the Company and they offer an impartial and professional analysis of the company risks.

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

## Information on shareholders

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

On 31.12.2020, the share capital structure was as follows:

Shareholder	No. of shares	Percentage ( % )
Solidmet SRL	3,576,953	30.6877%
Liberty Holdco Galati& Skopje Limited loc. Londra GBR	3,277,526	28.1189%
Ruxandra-Ioana Nicola	2,050,040	17.5879%
Anca Mihaela Drăgoi	2,050,040	17.5879%
Other shareholders-individuals	493,961	4.2378%
Other shareholders-legal entities	207,451	1.7798%
<b>Total</b>	<b>11,655,971</b>	<b>100.00%</b>



## Company management

### Board of Directors

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

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

The members of the Board of Directors will fulfil their mandate with the prudence and diligence of a good administrator, with loyalty, in the Company's best interest and they will not disclose confidential information and the commercial secrets of the Company they have access to, in their capacity as directors, including after the termination of their mandate as directors. Also, the Directors of the Company must attend all General Meetings of Shareholders.

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

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

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

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

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

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

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

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

- The general limits of the remunerations of the General Manager were set by the decision of the OGMS, respectively: between 5 and 30 Company average gross salaries. In accordance with the approval of the General Meeting of Shareholders, the Board of Directors established the remuneration of the General Manager at 15 Company average gross salaries.

In the table below it is detailed the method for determining the remuneration granted to the directors and the general manager, by reference to the above mentioned mechanism:

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

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

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

## Activity evolution

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

A far as the Mineral Terminal is concerned, the Company has taken all the measures for constant improvement of the activity within the Terminal as well as the performance of the activity at the highest standards for the clients. During the year 2020, through the Mineral Terminal there have been performed handling, storage and transshipment of the raw materials in bulk services, such as iron ores, coking coal, bauxite, coke, scrap iron for clients such as Transport Trade Services, Liberty Galati (previously known as ArcelorMittal Galați), Vitol Swiss, Brightroad, Alum S.A. Tulcea, CRH Romania, CRH Serbia, Danube Transport Services, C. Steinweg Romania, Sisecam Soda Lukavac, Danube Shipping Management.

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

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

The development of a Grain Terminal within the deepest berth at the Black Sea as well as the East of the Mediterranean Sea, allows direct operation of grain vessels of over 100,000 tdw, which shall represent an important competitive advantage both for Comvex and Constanta Port. Comvex Terminal is a premier for Romania and it is opening Constanta Port hinterland markets towards global destinations.

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

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

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

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

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

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

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

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

## Main economic-financial ratios

The analysis elements from this report are substantiated by the data in the annual financial statements drafted on 31.12.2020 in accordance with Accounting Law no. 82/1991, as republished, Company Law 31/1990, as further amended and supplemented, republished, by the provisions included in Ministry of Finances Order no. 1802/2014 for the approval of Accounting Regulations regarding individual annual financial statements and the consolidated annual financial statements.

Comvex S.A. has been considering the fulfilment of its obligations under the law as regards the correct, accurate and up-to-date organization and management of the accounting. The assessment, registration in the unit accounting and presentation of patrimony elements was performed in compliance with the principles, policies and accounting methods. The receivables and debts in foreign currency were converted into RON considering the foreign currency exchange rates on the date of 31.12.2020.

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

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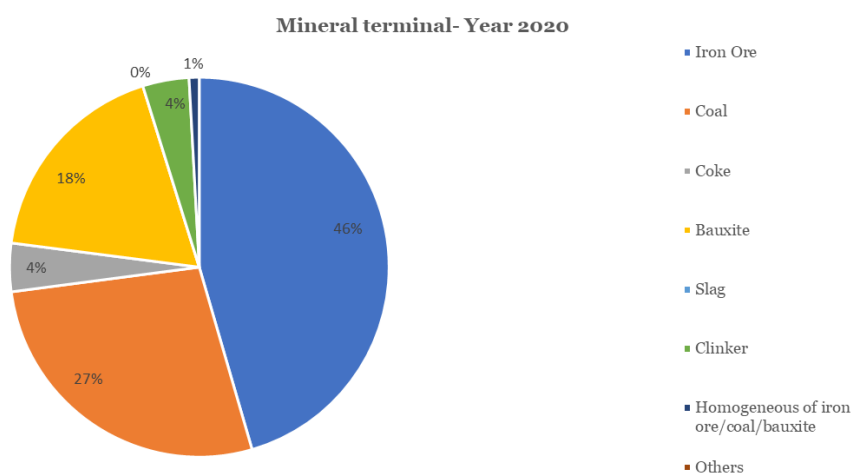
The Mineral Terminal operated in 2020 a total quantity of 5,225,335 raw materials tons, approximately 40% less than the quantity operated during the previous year (8,788,996 tons of bulk raw materials). During the entire year of 2020 there have been operated 113 maritime vessels, compared to 168 vessels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

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

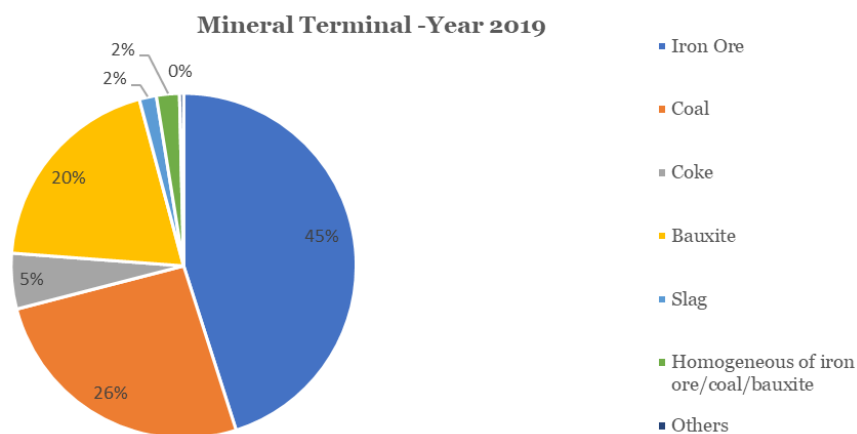
Consequently, the siderurgic plants had to reduce their production and therefore the request for raw materials has decreased, having a direct impact on the Company activity, as the port operator handling raw materials for the above mentioned industries.

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

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

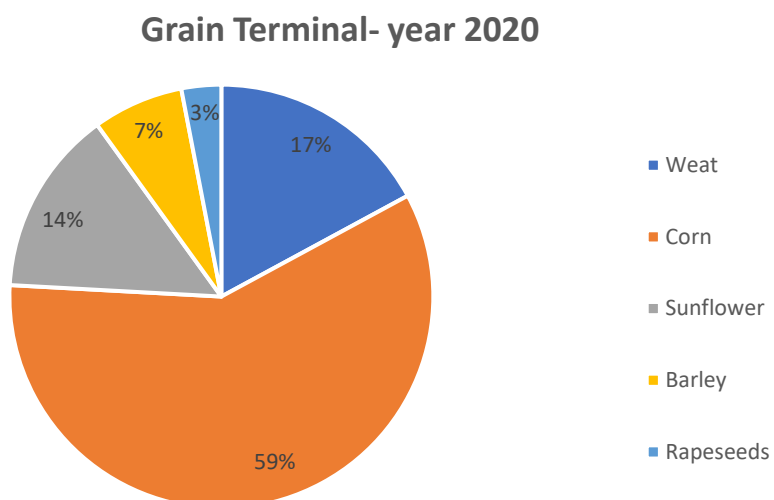


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The distribution by types of goods of the total handled quantity (tons) within Comvex Grain Terminal is as follow:

	<b>Year 2020</b>
	<b>tons</b>
Wheat	296.281
Corn	1.017.708
Sunflower	245.404
Barley	120.033
Rapeseeds	52.565
	<b>1.731.991</b>



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**Total Revenues (lei)**

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

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

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

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

The raw materials have been dispatched to the beneficiaries by mean of maritime vessels, or by railway (wagons), by river (barges) or by road (trucks).

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

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

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

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

The financial revenues represent favourable differences of foreign exchange rates.

### **Total Expenses (lei)**

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



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

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

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

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

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

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

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

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

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

The other tangible fixed assets related to the Grain Terminal, respectively other shared assets that are used for the activity of both terminals, shall continue to depreciate based on the method that was used until December 31, 2019, respectively straight line depreciation. In relation to the above mentioned assets, the depreciation shall be determined based on the entry value, by applying the straight line depreciation method during the utilisation lifetime of the assets.

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

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

### **Net profit**

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

### **Fixed assets**

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

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

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

### **Stocks**

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

### **Receivables**

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

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

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

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

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

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

### **Short term investments and cash availability**

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

**Debts**

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

## Litigations

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

- Unilateral increase by CN APM of the UDP without complying with the contractual obligations, in the context of a pre-existing contract providing the parties' obligation to negotiate;
- CN APM's non fulfilment/faulty fulfilment of its contractually assumed obligations.

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

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

The total value of the refusals related to the tariff of EUR 0.03 /m2 amounts to lei 2,536,826.84 without VAT, amount which cannot impair the financial position of the Company because, as mentioned above, there is no contractual correspondent for that tariff.

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

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

*Translation from the Romanian language; Romanian version shall prevail*

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

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

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

## Profit distribution

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

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

## Investment activity

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

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

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

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

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

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

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

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

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

## Revenues and expenses budget for 2021

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

The launch and promotion of the Grain Terminal represented a constant concern for Comvex representatives at all levels, starting with the date the project has been launched in 2017. Comvex aims to promote the capacity of the Project, by way of emphasising its unique features and confirming the Company's cooperation intentions that have been previously discussed with various potential clients of the Grain Terminal. We are hereby considering the most relevant grain producers in Romania and across the hinterland of Constanta Port, as well as local and global traders with operational interest in this hinterland.

The revenues and expenses budget for 2021 is based on a total quantity of 3.8 million tons that shall enter the Mineral terminal and 2.25 million tons of cereals within the Grain Terminal. The envisaged quantities for both terminals have been estimated by taking into consideration all the agreements and discussions with all existent/potential clients. The personnel expenditures have been estimated based on the provisions of the required personnel to be gradually hired once the activity shall increase.

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

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

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

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

Personnel costs have been estimated based on the existing employees, the provisions of the collective labour agreement as well as the required personnel to be gradually hired once the activity shall increase. The expenditure with the TESA personnel, as well as the expenses with technical personnel have been allocated between the two Terminals based on the estimated activity to be performed by these personnel in relation to each Terminal. General and administrative expenses have been allocated equally between the two Terminals.

For the Mineral Terminal, the utilities and equipment maintenance expenditure has been budgeted according to the preventive repair works and overhauls estimated to be necessary for

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

For the Grain Terminal the utilities and equipment maintenance expenditure has been budgeted according to equipment technical and functional parameter, utilities prices, respectively the required services, as well as the grain quantities to be received within the Terminal.

The rent expenses have been budgeted according to the agreements concluded with CN APM, respectively the rented equipment suppliers to carry out the mineral's activity considering efficiency conditions. Expenses such as utilities and fuel have been budgeted based on the quantity of goods estimated to be handled in 2021.

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

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

The estimates for 2021 for the Grain Terminal are:

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

The estimates for 2021 for the Mineral Terminal are:

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

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

## Impact of COVID-19

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

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

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



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

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

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

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

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

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

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

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

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

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

Viorel Panait – President of the Board of Directors



## Independent Auditor's Report

To the Shareholders of COMVEX SA S.A.

### Report on the audit of the financial statements

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#### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of COMVEX S.A. (the "Company") as at 31 December 2020, and the Company's financial performance and cash flows for the year then ended in accordance with the Order of the Minister of Public Finance of Romania no. 1802/2014 and subsequent amendments ("OMF 1802/2014") and the accounting policies presented in Note 5 to these financial statements.

Our opinion is consistent with our additional report to the Audit Committee dated 23 March 2021.

#### What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

The financial statements as at 31 December 2020 are identified as follows:

Total equity: lei 275,758,670;

Net profit for the year: lei 1,172,520.

The Company's registered office is Constanta harbour, dana 80-84, Romania and the Company's unique fiscal registration code is 19093360.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Law 162/2017 regarding statutory audit of annual financial statements and annual consolidated financial statements and regarding changes to other regulations and subsequent amendments ("Law 162/2017"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements of the Law 162/2017 that are relevant to our audit of financial statements in Romania. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law 162/2017.

This version of our report is a translation from the original, which was prepared in Romanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in Romania and that we have not provided non-audit services.

### **Key audit matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **Key audit matter**

#### **How our audit addressed the key audit matter**

#### **Evaluation of property plant and equipment including stock of spare parts**

Evaluation of tangible assets.

We focused our attention on this point because when establishing the fair value as at year end, management of the Company utilizes external appointed appraisers. Because, in some cases, comparable transactions are limited on the market, therefore it is often difficult to corroborate fair value with market transactions and, there is an inherent risk in establishing the fair value, especially for assets for which alternative methods are applied such as Net Replacement Cost ("NRC") followed by an impairment testing.

The Company uses a series of tangible assets grouped based on the two activities: cereal terminal and mineral terminal, that operate with intermittence and seasonality, in strict correlation with operating levels received from customers. As at 31 December 2020 the value of tangible fixed assets is 444,7 million lei, adding a value of 8.3 million lei related to strategic spare parts utilized in the mineral terminal activity.

Considering that during 2020 the Company did not meet the operating budgets due to external factors; this aspect represents an indicator that the above assets might be impaired. As a consequence, the Company decided to perform an evaluation exercise as at 31 December 2020, based on utilizing a specialist appraiser, the approach chosen was market value where such information is available or NRC, followed by an impairment test for each group of assets: assets used for operation and manipulation of bulk minerals and respectively assets used for operation and manipulation of bulk cereals, considered two "Cash Generating Units" ("CGU") including all assets used in the operating activity, including assets in course of construction and stock of spare parts. The impairment testing has been described on note 5) D) from the attached financial statements.

We have analysed the Company's accounting policies related to measurement of property plant and equipment in order to determine if these policies are in accordance with OMFP 1802/2014. In order to analyse the key audit matter, our audit was based on analysing and understanding the assumptions used by the external appraiser.

In this respect, we have used an internal specialist and evaluated the work done by the appraiser, following the below steps:

i) We validated the method used for evaluation, the mathematical accuracy of the model, the completeness of data inserted in the model together with discounting and capitalization rates.

ii) We validated the reasonableness of forecasted inputs inserted in the impairment testing model for each cluster of assets. We also assessed the information made available by the management regarding the budgetary exercise for next years and we concluded that the assumptions used are reasonable;

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## Reporting on other information including the Administrators' Report

The Administrators are responsible for the other information. The other information comprises the Administrators' Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, including the Administrators' Report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

In connection with our audit of the financial statements, our responsibility is to verify whether the Non-Financial Statement was prepared. We confirm that the Non-Financial Statement has been prepared together with the Administrators' Report.

With respect to the Administrators' Report our responsibility is to consider whether the Administrators' Report was prepared in accordance with OMF 1802/2014, articles 489 - 492.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Administrators' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Administrators' Report has been prepared in accordance with OMF 1802/2014, articles 489 - 492.

In addition, in light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Administrators' Report. We have nothing to report in this regard.

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## Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements, that give a true and fair view in accordance with OMF 1802/2014 and with the accounting policies presented in the Note 5 to the financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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## **Report on other legal and regulatory requirements**

### **Appointment**

We were first appointed by Ordinary General Shareholders Meeting as auditors of COMVEX S.A. on 26 January 2018. Our appointment has been renewed by Ordinary General Shareholders Meeting representing a total period of uninterrupted engagement appointment of 4 years, covering the financial years ended 31 December 2017 up to 31 December 2020.

The financial auditor responsible for carrying out the audit resulting in this independent auditor's



report is Mihai Anita

Mihai Anita  
Financial Auditor registered with  
the Public Electronic Register of financial auditors and audit firms under no. AF 489

On behalf of  
PricewaterhouseCoopers Audit S.R.L  
Audit firm registered with  
the Public Electronic Register of financial auditors and audit firms under no. FA6

Bucharest, 23 March 2021