

CONTENT OF YEARLY REPORT
According to A.S.F. Regulation No.5/2018
For the financial year 2023

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**CHAPTER I YEARLY REPORT
Complying to A.S.F. REGULATION NO.5/2018
FOR 2023**

NAME OF SHARES ISSUER : SOCEP SA
 REGISTERED OFFICE : CONSTANȚA, INCINTA PORT Dana 34
 PHONE/FAX : 0241/693856; 0241/693759
 FISCAL CODE : RO 1870767
 COMPANY NUMBER IN THE TRADE REGISTER : J 13/643/1991
 TRADING MARKET : B.V.B. Standard category, symbol SOCP
 SUBSCRIBED SHARE CAPITAL : 63,972,750.40 lei divided into 639,727,504 dematerialized registered shares with a nominal value of 0.10 lei/share, of which 43,645,878.86 lei paid and 20,326,871.54 lei not paid

I.1 SOCEP S.A. BUSINESS

1.1. OVERVIEW

a) The main business of the company is providing of port services, namely: loading operations, unloading operations, storage, forwarding of general cargo and containers and also other operations/services connected to maritime transport.

These services are defined as "handlings" under "5224" NACE (CAEN) Code.

b) COMPANY FOUNDATION DATE is 02/01/1991 under and according to H.G. (Government Decision) No.19/1991 based upon which the former operating company (the entire Port of Constanța) belonging to Ministry of Transport split up. As result of splitting of this state-owned company, several companies have been set up, with their share capital entirely state property, including SOCEP SA.

In 1996 SOCEP SA was fully privatized, 60% based on mass privatization program (free coupons awarded to Romanian citizens) and 40% based on buying the shares from the state by company employees, the Employee Association.

Presently, the Association was disbanded and the shares have been nominally distributed to association members.

c) PURCHASE OR SALE OF ASSETS: In the last year, the company purchased or sold assets, as listed below:

<i>Year</i>	<i>Lei</i>	
	<i>Purchases</i>	<i>Sales/disposals</i>
<i>2023</i>	<i>6,496,843</i>	<i>1,143,288</i>

In 2023 the value of tangible assets increased with 6,496,843 lei, as below listed:

- FRONT LOADERS - 535,322 lei,

- KEY CRANES - 4,179,241 lei,
- GENERAL FORKLIFTERS - 900,195 lei;

Tangible assets in the amount of 1,143,288 lei were disposed of, by scrapping/sale.

d) ELEMENTS FOR OVERALL ASSESSMENT

The key elements for the overall assessment in the past two years are the following:

No.	Elements	Unit	2022	2023
1.	% (percentage) of gained market	%	» 5	» 6
2.	Turnover	lei	139,646,043	203,752,940
3.	Gross Profit	lei	47,623,327	108,053,938
4.	Cash and cash equivalent	lei	24,214,736	84,376,732

1.1.1. ASSESMENT OF TECHNOLOGY DEGREE, PROVIDED PORT OPERATIONS AND OF THE MARKET

The most important operations provided by SOCEP S.A. are:

- cargo handling, meaning loading/unloading of bulk solid cargo or bagged cargo, including containers;
- cargo storage: bulk solid cargo or bagged cargo, including containers;
- other connected services.

Sales Market for these services/operations is represented by the economic entities wich operate transit cargo limited within Constanța Port and Constanța Sud Agigea Port.

Evolution of these services' proportion in company turnover within the last three years is presented below:

SERVICES	2021		2022		2023	
	Lei	%	Lei	%	Lei	%
1. Handling	74,640,858	92.28%	110,296,290	78.98%	178,172,525	87.45%
2. Storage	3,846,776	4.76%	23,949,212	17.15%	22,824,547	11.20%
3. Other services	2,396,675	2.96%	5,400,540	3.87%	2,755,868	1.35%
TOTAL	80,884,308	100%	139,646,043	100%	203.752.940	100%

Changes in cargo traffic through Constanța Port also reflect upon the proportion of main services in the achieved turnover.

We believe that, although there is a fierce competition onto this port services market, SOCEP SA will manage to maintain a market share of about 6%.

At this point, there are no new envisaged products which would require allocation of a significant volume of assets in the next financial year.

1.1.2. SUPPLY OF EQUIPMENT AND NECESSARY CONSUMABLES

Port operations and services provided by SOCEP S.A. require utilities supplies (electricity, thermal energy, water, communication), acquisition of fuel, equipment spare parts and various consumables.

Utilities are provided by Port Administration company and other suppliers as well. They are delivered on agreed contract basis, in the requested quantities. The rest of supplies such as fuel and consumables or materials are purchased from inside port companies or from the local market of Constanța City.

Purchase prices are usually fluctuating, difficult to maintain them steady for long periods of time and the most efficient used method is the selection of offers.

1.1.3. ASSESMENT OF SALES

Main business of the company consists of providing services (cargo handling) and not selling products.

For the time being, within Constanța Port the most significant competitors are CHIMPEX S.A., UMEX S.A., Convex S.A., and Constanța South Container Terminal. Our market share is 6% from the volume of cargo handled through Port of Constanța.

1.1.4. EMPLOYEES

The number of employed personnel, by occupational category and training/qualification level is structured depending on business volume, used technologies and other criteria determined by specificity of port operation activity.

The effective number on December 31 was 442 employees, with vocational, high school or higher education levels.

There are two unions in the company, the degree of unionization being approximately 13%.

1.1.5. IMPACT OF SOCEP S.A. ACTIVITY ON THE ENVIRONMENT

SOCEP S.A. operates only with permits and licenses obtained from environmental authorities, thus complying with the environmental protection legislation. From this point of view, the company is inspected by the specialized state institutions, there haven't been any penalties and there is no dispute in this regard.

The company is certified according to the ISO 14001:2015 standard.

1.1.6. RESEARCH AND DEVELOPMENT ACTIVITY

Due to the specific activity of the company, no expenditures for research and development have been made in financial year 2023. In 2024 such costs are not expected.

1.1.7. RISK MANAGEMENT ACTIVITY

SOCEP S.A. is exposed to the following financial instrument risks:

- credit risk;
- liquidity risk;
- market risk.

The company management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the company. The company does not use derivative financial instruments to hedge against risk exposure.

Credit risk

Credit risk is that risk with which the company should bear a financial loss if a customer or counterpart to a financial instrument fails to meet its contractual obligations. This results mainly from receivables to customers and cash and cash equivalents.

When assessing credit risk for banks and financial institutions, company management takes as its basis, independent assessments regarding their rating. For customers, there is no independent assessment; company management evaluates the financial condition of customers in terms of: reliability, past experience and other factors. Individual risk limits are set based on internal ratings, according to the limits established by the company management.

Liquidity risk

Liquidity risk is the risk that the company can encounter from fulfilling the obligations associated with financial liabilities which are to be settled in cash or other financial assets. Company management follows the company's cash requirement forecasts to ensure that there is sufficient cash to meet operational needs. The company management invests surplus cash in term deposits. To ensure sufficient liquidity, term deposits have a maturity of 3 months. The company liabilities, their most part, consist of debts to suppliers, employees, the state budget and social security fund.

For this purpose, the company contracted three bank loans from BRD, denominated in euros, with the aim of financing investment projects.

Market risk

- Foreign currency risk

The company is exposed to foreign currency risk related mainly to the Euro and the US dollar (USD). Foreign currency risk is related to receivables, cash and cash equivalents in foreign currency. The company is not hedged against foreign currency risk, but the management regularly receives predictions about the evolution of the RON/EURO and RON/USD exchange rates. Since financial assets denominated in foreign currencies are higher than financial liabilities denominated in foreign currencies, the company is exposed to foreign currency risk only if the domestic currency is appreciated.

- Price risk

SOCEP S.A. is exposed to price risk related to equity instruments of other companies, valued at their cost and not listed on Bucharest Stock Exchange.

- Interest rate risk

The interest rate risk to which the company is exposed is at the level of the contracted loan, from BRD.

The company's bank deposits with a maturity of less than 3 months have a fixed interest rate.

1.1.8. ELEMENTS FOR THE FUTURE OF SOCEP S.A. BUSINESS

Fluctuating trends in port traffic and turnover figures over the last three years will also occur in 2024. Maintaining the values of the reference tariffs in Euro will influence the turnover under the unpredictable evolution of foreign exchange rates.

It is important to be mentioned that changeover to RON rates can not be done very easily, as our business partners require their comparability with external tariffs.

Capital expenditures that are going to be programmed in the coming years will in particular aim at replacing obsolete machinery with new ones or upgrading existing ones to ensure that operation capacity is maintained at competitive standards and also aim at building the grain silo, the second phase.

We estimate that there are currently no events, transactions, economic changes that significantly affect earnings coming from the main business.

I.2 TANGIBLE ASSETS OF SOCEP S.A.

The main tangible assets owned by SOCEP S.A. are the buildings, the equipment and the machineries located onto Piers II and III and also on the platforms in-between those piers, from Constanta North Port. All these cover an area of about 350 thousand sqm from the public sector of the harbour.

On the date hereof, there are no potential issues related to SOCEP properties.

I.3. THE MARKET OF SHARES ISSUED BY SOCEP S.A.

Shares (transferable securities) issued by SOCEP S.A. in an amount of 639,727,504 dematerialized nominative shares with a nominal value of 0.10 lei per share, are traded on Bucharest Stock Exchange, Standard category, symbol "SOCP", since October 2005. The company did not issue bonds or any other debt securities.

Since 2012, SOCEP S.A. is sole shareholder in SOCEFIN SRL CONSTANTA – a limited liability company, based on General Meeting of Shareholders' Decision issued on 23-rd of February 2012. SOCEFIN SRL Constanta has as main business CAEN code 6420 – activities of holding companies and a share capital in an amount of 30,000,000 lei.

In 2021, dividends in the amount of 4,881,741 lei were distributed, and in 2022, dividends were distributed in the amount of 27,628,576 lei. No dividends were distributed in 2023.

SOCEP has no intention in 2024 to issue any bonds or shares.

I.4 MANAGEMENT OF SOCEP S.A.

According to General Meeting of Shareholders' Decision issued on 14-th of December 2012, the company is managed in a dual system, by a Supervisory Board and an Executive Board. Both Managing Boards carry out their activity in absolute compliance with the law in force.

Starting on 06/11/2022, the Supervisory Board has 3 members according to OGMS Decision dd. 04/27/2022. The structure of Supervisory board is the following:

- | | |
|----------------|--|
| - DUȘU NICULAE | - President, over 25 years experience in leading positions; |
| - DUȘU ION | - Vice-president, over 25 years experience in leading positions; |
| - SAMARA STERE | - Vice-president, over 25 years experience in leading positions. |

From 07/09/2021 according to the decision of the Supervisory Board, the Directorate consists of 5 members. The members of the Directorate are:

- Dorinel Cazacu - Chairman of the E.B.
- Gabriel Codeț - Member of the E.B.
- Ramona Pavlicu - Member of the E.B.
- Cristian Mihai Ududec - Member of the E.B.
- Teodorescu Lucian - Member of the E.B.

Members of the Executive Board have been appointed according to the provisions of the Constitutive Act of SOCEP SA, based on Supervisory Board decisions.

Members of the Executive Board carry out their activity based on mandate contracts approved by the Supervisory Board.

Mr. Dorinel Cazacu holds the position of chairman of the Executive Board. Managers carry out their activity based on mandate contracts agreed in total compliance with the legislation in force. They have not been and are not involved in court litigations or administrative proceedings.

I.5 FINANCIAL AND ACCOUNTING REPORT

Individual financial reports drawn up at 12/31/2023 are enclosed. They have been prepared in accordance to International Financial Reporting Standards (IFRS) as endorsed by European Union. Reports have been audited by TGS Romania Assurance&Advisory Business Services SRL, legally represented by Mr. Christodoulos Seferis, according to attached report.

a) Financial position statement:

	2021	2022	2023
			Lei
TOTAL ASSETS	448,103,250	482,062,703	651,337,967
Out of which:			
- fixed assets	409,889,809	429,532,727	500,046,430
- stocks	885,583	1,249,828	1,101,972
- customers and other receivables	15,690,840	25,836,786	64,611,040
- receivables regarding profit tax	827,289	782,360	752,847
- prepaid expenses	232,524	446,266	448,947
- cash and cash equivalent	20,577,205	24,214,736	84,376,732
TOTAL EQUITY AND LIABILITIES	448,103,250	482,062,703	651,337,967
Out of which			
- equity	189,979,767	202,675,463	368,127,029
- suppliers and other payables	9,326,878	38,899,105	46,995,744
- liabilities of leases of a right-of-use asset	180,222,516	174,672,153	171,353,740
- deferred income tax liabilities and current income tax	5,239,119	6,833,903	16,814,843
- long term bank loans (including interest)	62,405,278	55,013,594	44,485,291
- provisions	921,817	3,965,629	3,542,008
- deferred revenues	7,875	2,856	19,312

b) Profit & Loss Account

	Lei		
	2021	2022	2023
Turnover	80,884,308	139,646,043	203,752,940
Total Income	93,420,434	156,972,077	248,192,624
Total Expenditure	82,647,384	109,348,750	140,138,686
Gross profit	10,773,050	47,623,327	108,053,938

Assets with a share of minimum 10% from the total value of assets are the buildings (32.76%), technical equipment and machinery (19.66%) and the assets related to the right of use (34.35%). The Expenditure elements with a share of minimum 15% from the total net sales value (turnover) are the employee benefits expense (23.37%), and the services provided by third parties (16.28%).

c) Cash flows

Element name	Lei	
	12/31/2022	12/31/2023
I, NET CASH FROM PORT OPERATION BUSINESS	82,258,710	106,820,239
II, NET CASH FROM INVESTMENTS	-47,638,387	-37,418,603
III, NET CASH FROM FINANCING	-31,134,461	-10,097,676
IV, NET INCREASE OF CASH AND CASH EQUIVALENT (I + II + III)	3,485,862	59,303,960
V. VARIANCE FREQUENCY OF CURRENCY EXCHANGE RATE	151,669	858,036
VI, CASH AND CASH EQUIVALENT AT THE BEGINNING OF FINANCIAL YEAR	20,577,205	24,214,736
VII. CASH AND CASH EQUIVALENT AT 31.12.	24,214,736	84,376,732

I.6 FINANCIAL AND ECONOMIC INDICATORS

INDICATORS	CALCULATION PROCEDURE	RESULTS	
		2022	2023
1. Current liquidity	Current assets/Current debts	1.27	2.36
	$\frac{\text{Borrowed capital}}{\text{Equity}} \times 100$	117.52	59.48
2. Indebtedness degree	Borrowed capital		
	$\frac{\text{Borrowed capital}}{\text{Committed capital}} \times 100$	54.43	37.30
3. Rotation speed of customers debts	Average balance of customers		
	$\frac{\text{Average balance of customers}}{\text{Turnover}} \times 360$	56.54	51.96
4. Rotation speed of fixed assets	Turnover/Fixed assets	0.33	0.41

I.7 CHANGES AFFECTING COMPANY CAPITAL AND MANAGING PROCESS

Within the reporting period there were no events of infringement of company payment obligations towards creditors or employees.

GENERAL MANAGER

DORINEL CAZACU

FINANCIAL MANAGER,

CRISTIAN MIHAI UDUDEC

**CHAP. II DECLARATION OF THE
PERSONS RESPONSIBLE FOR PREPARING
FINANCIAL STATEMENTS AND RELATED REPORTS**

II.1 Declaration of the persons responsible for preparing the Financial Statements

According to art.30 of Accountancy Law No. 82/1991-updated and republished, we hereby declare that we take full responsibility for the financial statements of the financial year 2023 and therefore we are confirming that:

- a) Accounting Policies used for preparing the annual financial statements are in total compliance with accounting regulations approved by OMFP No.2844/2016 applicable to companies which have their shares/equity admitted to trading on a regulated market.
- b) Prepared financial statements as at 12/31/2023 are presenting a true image of the assets, of the obligations in the financial position and of the profit & loss account of SOCEP S.A.
- c) SOCEP S.A. is carrying out its business activity in terms of continuity.

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

II.2 Supervisory board report

➤ SUPERVISORY BOARD MEMBERS

In accordance with the Constitutive Act of the company, as it was approved in the Extraordinary General Meeting of Shareholders dated 11/21/2023 and amended in the Extraordinary General Meeting of Shareholders on 06/11/2018 and complying with OGMS Decision dd. 04/27/2022, the Supervisory Board consists of three members.

During 2023, the structure of the Supervisory Board of SOCEP SA was the following:

- Dușu Niculae – President
- Dușu Ion – Vice-president
- Samara Stere – Vice-president.

In accordance with the provisions of Law 31/1990, we mention that all members of the Supervisory Board are non-executive members, since none of them holds an executive position in the company.

➤ EXECUTIVE BOARD MEMBERS

According to Art.17, paragraph 1 of the Constitutive Act of the company, SOCEP SA Executive Board consists of 5 (five) members.

- Dorinel Cazacu – Chairman of the E.B.
- Gabriel Codeț – Member of the E.B.
- Ramona Pavlicu – Member of the E.B.
- Cristian Mihai Ududec – Member of the E.B.
- Lucian Teodorescu – Member of the E.B.

Board members were appointed in accordance with the Constitutive Act of SOCEP SA, by decisions of the Supervisory Board.

Board members operate under the mandate contracts, agreed and approved by the Supervisory Board.

SUPERVISORY BOARD ACTIVITY IN 2023

In 2023, the Supervisory Board carefully analyzed the position and prospects of the company and fulfilled powers - assigned in accordance with law, the Constitutive Act of SOCEP SA and its Regulation.

Throughout 2023, the Supervisory Board has coordinated with the Executive Board regarding company management and also has constantly monitored the Executive Board activity.

Whenever it was considered as necessary or were referred by the Executive Board, the Supervisory Board was involved in making major decisions on the company's activities.

In all cases required by applicable law, by the Constitutive Act or internal regulations of the Company, the Supervisory Board adopted resolutions/decisions based on thorough analysis of situations brought to its attention.

In 2023, the Supervisory Board was convened 17 times, the meetings taking place at company headquarters in Constanta port, Dana 34, as well as by electronic means of communication.

At the meetings, members of the Executive Board and directors/heads of departments of the company have attended. The Supervisory Board received detailed reports on a regular basis, with issues of importance to the company, including BVC execution, the investment program, financial position and business strategy of the company.

We present herein a summary of the most important decisions of the Supervisory Board meetings held in fiscal year 2023:

- Approval of the financial calendar to be submitted to BSE (BVB) and FSA (ASF);
 - Approval of BVC for 2023;
 - Approval of SOCEP SA investment program;
 - Analyzing and approving investments outside the investment program;
 - Approval of the sponsorships made by SOCEP SA;
 - Approval of the purchase of machinery and equipment outside the investment program;
 - Took note of the commercial strategy and policies and supervised their implementation;
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- Paid attention to the development of the relationship with the important clients – those with whom SOCEP SA realizes important percentages of the turnover – in order to ensure the stability of the company's revenues;
 - Indicated guidelines on new opportunities and business lines;
 - Ensured the consistency of HR strategy and policies and ensured the social climate and a safe working environment;
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II.3 Report of SOCEP S.A. Executive Board

II.3.1 Report of Socep Executive Board for individual financial situations

➤ IMPACT OF SOCEP S.A. ACTIVITY ON THE ENVIRONMENT

SOCEP S.A. operates only based upon permits and licenses obtained from environmental authorities, thus complying with the environmental protection legislation. From this point of view, the company is inspected and controlled by the specialized state institutions, there haven't been any penalties and there is no dispute in this regard.

➤ CORPORATE GOVERNANCE STATEMENT

Indicative	Provisions to be observed	YES/NO	
A1	All companies must have an internal regulation of the Board which includes the terms of reference/responsibilities of the Council and key management functions of the company, and which applies, among others, the General Principles of section A.	YES	
A2	Provisions for managing conflicts of interests must be included in the Board regulation. In any case, Board members are required to notify the Board of any conflicts of interest that have arisen or may arise, and to refrain from participating in discussions (including by the summons, except where failure would prevent formation of quorum) and from voting the adoption of a decision concerning the matter generating that particular conflict of interests.	YES	
A3	Board of Directors or the Supervisory Board must consist of at least five members.		NO
A4	Most of the members of this Board shall not have any executive position. At least one member of the Board of Directors or of the Supervisory Board shall be independent regarding companies in Standard category.	YES	
A4	Each independent member of the Board of Directors or of the Supervisory Board, as appropriate, shall submit a declaration at the time of his/her nomination for the purpose of election or re-election, and also when it occurs any status modification, showing the elements proving his/her independence in terms of personal character, own judgments and compliance following criteria: A4.1.-A4.9		NO
We are going to take necessary steps to modifying the Supervisory Board regulation in compliance to the Bucharest Stock Exchange Code.			
A5	Other professional commitments and obligations - relatively permanent, of one member of the Board, including executive and non-executive positions in other companies Board and non-profit institutions, must be disclosed to shareholders and potential investors before nomination, and during his/her membership term.		NO
We are going to take necessary steps to modifying the Supervisory Board regulation in compliance to the Bucharest Stock Exchange Code.			
A6	Any member of the Board is to submit information on any relationship with a shareholder who directly or indirectly holds shares representing more than 5% of all voting rights. This obligation refers to any kind of relationship that may affect the Member's position with regard to issues determined by the Board.		NO
We are going to take necessary steps to modifying the regulation of the Supervisory Board in compliance Bucharest Stock Exchange Code.			
A7	The company must appoint a Secretary of the Board who is responsible for supporting the Board activity.	YES	

A8	Corporate governance Declaration will inform whether there has been an evaluation of the Board initiated by the Chairman or of the Nomination Committee and, if so, will summarize the key measures and changes resulting from it. The company must have a policy/guide on the Board evaluation, including the purpose, the criteria and frequency of the evaluation process.		NO
Each year, the Supervisory Board presents an activity report, in the first general meeting of shareholders. Up to this moment the company did not implement a policy of evaluating the Supervisory Board. Its activity is assayed and examined by GMS (AGA).			
A9	The corporate governance statement should contain information on the number of Board meetings and committees during the past year, the participation of Board members (in person and in absentia), and a report with regard to Board and committees' activities.		NO
During 2023 Supervisory Board had 17 meetings, but we have no audit committee to draw a report.			
A10	Corporate governance statement shall contain information on the exact number of independent members within the Board of Directors or in the Supervisory Board.		NO
Up to this point there have been no reports of the number of independent members, but on the company's website there were uploaded GMS resolutions based upon the members have been elected.			
B1	The Board shall establish an Audit Committee with at least one member who must be independent or non-executive administrator. The majority of members, including the Chairman, must have appropriate relevant qualifications for their duties and responsibilities within the Committee. At least one member of the Audit Committee must have proven and appropriate accounting or auditing experience.		NO
We do not have an Audit Committee.			
B2	Chairman of the Audit Committee must be a non-executive independent member.		NO
We do not have an audit committee.			
B3	As part of its responsibilities, the audit committee should carry out an annual assessment of internal control system.		NO
We do not have an audit committee.			
B4	The assessment must take into account effectiveness and extent of the internal audit, the adequacy of the risk management and internal control audit reports presented by the audit committee to the Board. Also, the effectiveness and promptitude of executives in dealing with identified deficiencies or weaknesses of internal inspection must be assessed, with submission of relevant reports to the Board.		NO
We do not have an audit committee.			
B5	The audit committee should evaluate conflicts of interests related to transactions of the company and of its subsidiaries with affiliated parties.		NO
We do not have an audit committee.			
B6	The audit committee shall assess the effectiveness of the internal control system and risk management system.		NO
We do not have an audit committee.			
B7	The audit committee shall monitor implementation of legal standards and of generally accepted internal audit standards. The audit committee should receive and evaluate the reports of the internal audit team.		NO
We do not have an audit committee.			
B8	Whenever the Code mentions reports or analyses initiated by the Audit Committee, they should be followed by periodic or on purpose reports (at least annually). Subsequently, reports must be submitted to the Board.		NO
We do not have an audit committee.			
B9	No shareholder may be given preferential treatment against the other shareholders in connection with transactions and agreements of the company with shareholders and their affiliates.	YES	
B10	Board should have a suitable policy to ensure that any transaction with any of the companies in close relationships and with a value equal or higher than 5% of the net assets of		NO

	the company (according to the latest financial report) is approved by the Board. Approval should observe a mandatory opinion of Board's audit committee and transaction should be properly presented to shareholders and to potential investors, given that such transactions are considered events which are required to be reported.		
We do not have an audit committee.			
B11	Internal audits must be carried out by a structurally separated department (internal auditing Department) of the company or by hiring a third party and independent entity.	YES	
We hiring a third party and independent entity.			
B12	In order to ensure the fulfilment of its functions, the internal audit department should report from a functional point of view, to the Board through the audit committee. For administrative purposes, and under management's obligations to monitor and reduce risk, it should report directly to the general manager.	YES	
The internals' audit reports are made directly to Board in absence of an audit committee.			
C1	The remuneration policy must be formulated in such a way as to allow the shareholders to understand the principles and arguments underlying the remuneration of the members of the Council and the General Director, as well as the members of the Directorate in the dual system. It should describe how the process and decision-making around remuneration is conducted, detail the components of executive remuneration (such as salaries, annual bonuses, long-term stock-based incentives, benefits in kind, pensions and others) and describe the purpose, principles and assumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy must specify the duration of the executive director's contract and the notice period provided for in the contract, as well as any compensation for termination without just cause.	YES	
The Ordinary General Meeting of SOCEP SA shareholders on 27.04.2021 approved the remuneration policy of the company, which can be found on the SOCEP SA website. SOCEP SA's remuneration report for 2023 is on SOCEP SA's website and will be subject to approval by the AGOA, which will take place on 25/26.04.2024..			
C1	The report on remuneration must present implementation of remuneration policy for persons identified in this policy during the year covered by the analysis.	YES	
The Ordinary General Meeting of SOCEP SA shareholders on 27.04.2021 approved the remuneration policy of the company, which can be found on the SOCEP SA website. SOCEP SA's remuneration report for 2023 is on SOCEP SA's website and will be subject to approval by the AGOA, which will take place on 25/26.04.2024.			
C1	Any essential change in the remuneration policy must be uploaded on company website, in due time.	YES	
The Ordinary General Meeting of SOCEP SA shareholders on 27.04.2021 approved the remuneration policy of the company, which can be found on the SOCEP SA website. SOCEP SA's remuneration report for 2023 is on SOCEP SA's website and will be subject to approval by the AGOA, which will take place on 25/26.04.2023.			
D1	Company must organize an Investor Relations department and the public must be informed who is the appointed person/persons or department responsible. In addition to the information required by law, the company must include on its website a dedicated section to Investor Relations, both Romanian and English language, with all relevant information of interest to investors, including:	YES	
D1.2	Professional CV-s of the company management members, other professional commitments of Board members, including executive and non-executive positions in other companies or non-profit institutions Boards.	PARTIAL	
This newly introduced obligation by BSE (BVB) Code is going to be implemented in order to comply with BSE (BVB) Code.			
D1.3	Current reports and recurrent reports (quarterly, half-yearly and annual) - those prescribed in point D.8 but not only - including current reports having detailed information regarding non-compliance with present Code;	YES	
D1.4	Information on general meetings of shareholders: agenda and informative reports; election procedure for Board members; reasons supporting proposed candidates for election and their professional CV-s; shareholders' questions on the items of agenda and company's solutions, including taken decisions;	YES	
D.1.6	The names and contact details of a person who will be able to provide relevant information, upon request;	YES	

D.2	The company will have a policy concerning the annual distribution of dividends or other benefits to shareholders, proposed by the General Manager or the Executive Board and adopted by the Supervisory Board, shaped as a set of guidelines which the company intends to follow in distribution of the net profit. Principles of distribution policy to shareholders will be uploaded on the company website.		NO
We are going to take necessary steps in order to comply with BSE (BVB) Code. Up to this point dividends distribution has been decided by GMS (AGA).			
D.3	The company will adopt a policy related to forecasts, whether these are made public or not. Forecasts refer to quantified conclusions of studies aimed to define the global impact of a number of factors concerning a future period (so-called hypotheses): by its nature, this prediction has a high level of uncertainty and real results may significantly differ from the initial estimates. Forecasts policy will set the frequency, considered period and content of forecasts. If published, forecasts may be included only in annual, quarterly or half-yearly reports. Forecasts policy will be uploaded on company website.		NO
We did not implement such a policy up to this point. We will take necessary steps in order to comply with BSE (BVB) Code.			
D.4	General meetings of shareholders rules must not restrict their participation in general meetings, nor the exercise of their rights. Changes of rules will become valid beginning with the next meeting of shareholders, at the earliest.	YES	
D7	Any specialist or expert, consultant, financial analyst, may attend to the shareholders' meeting with a prior invitation from the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Board Chairman decides otherwise.	YES	
D8	Quarterly and half-yearly financial reports will include both Romanian and English information concerning key factors influencing changes in the level of sales, of operational profit, of net profit and of other financial relevant indicators, from one quarter to the next, or from one year to the next.	YES	
D10	Given that the company is supporting various forms of artistic or cultural expression, sports, scientific or educational activities and considers that their impact onto company competitiveness and innovative character are part of its mission and its development strategy, will publish the policy with regard to its contribution in this area.	YES	

➤ RESEARCH AND DEVELOPMENT ACTIVITY

Due to the specific activity of the company, no expenditures for research and development have been made in financial year 2023. In 2024 such costs are not expected.

➤ RISK MANAGEMENT ACTIVITY

Financial risk factors

The company is exposed to the following financial instrument risks:

- a) credit risk;
- b) liquidity risk; and
- c) market risk.

The company management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the company. The company does not use derivative financial instruments to hedge against risk exposure.

a) credit risk

Credit risk is the risk that the company could bear a financial loss if a customer or counterpart to a financial instrument fails to meet its contractual obligations. This results mainly from receivables from customers and from cash and cash equivalents.

At the end of the reporting period, the maximum exposure to credit risk was as follows:

lei

	12/31/2022	12/31/2023
Customers and other receivables	26,619,146	65,363,886
Cash and cash equivalents	24,214,736	84,376,732
Total	50,833,882	149,740,618

When assessing credit risk for banks and financial institutions, company management takes as its basis, independent assessments regarding their rating. For customers, there is no independent assessment; company management evaluates the financial condition of customers in terms of: reliability, past experience and other factors. Individual risk limits are set based on internal ratings, according to the limits established by the company management.

b) liquidity risk

Liquidity risk is the risk that the company can encounter from meeting the obligations associated with financial liabilities whose settlement is made in cash or other financial assets.

Company management follows the company's cash requirement forecasts to ensure that there is sufficient cash to meet operational needs.

The company management invests surplus cash in term deposits. To ensure sufficient liquidity, term deposits have a maturity of 3 months. On 12/31/2023, the company had cash and cash equivalents amounting to 84,376,732 lei.

The company liabilities, their most part, consist of debts to suppliers, employees, the state budget and social security fund.

The company contracted two bank loans from BRD, denominated in euros, with the aim of financing investment projects. Their balance on 31.12.2023 is 8,940,780 euros. Also, for the financing of the second phase of the modern grain terminal, the company contracted in 2023 with the same bank an investment loan in the amount of 18,750,000 euros, unused at this moment.

The company liabilities on 12/31/2023, amounting to 279,649,618 lei, were significantly influenced by the application of IFRS 16, by registering the position Leasing debts related to the rights of use asset. They have the following maturities:

	Value	Maturity of 12 months or less
Suppliers and other liabilities	63,810,587	40,630,418
Bank loans (including interest)	44,485,291	13,803,345
Liabilities of leases of a right-of-use asset	171,353,740	6,336,686
Total	279,649,618	60,770,449

c) market risk

- foreign currency risk

The company contracted two bank loans from BRD, denominated in euros, with the aim of financing investment projects. Their balance on 31.12.2023 is 8,940,780 euros. Also, for the financing of the second phase of the modern grain terminal, the company contracted in 2023 with the same bank an investment loan in the amount of 18,750,000 euros, unused at this moment.

The company is not hedged against foreign currency risk, but the management regularly receives predictions about the evolution of the RON/EURO and RON/USD exchange rates. Since financial assets denominated in foreign currencies are higher than financial liabilities

denominated in foreign currencies, the company is exposed to foreign currency risk only if the domestic currency is depreciated.

The company's financial assets and liabilities designated in foreign currency and revalued at the end of the reporting period were as follows:

Financial assets	12/31/2022		12/31/2023	
	Euro	USD	Euro	USD
Customers	1,157,477	263,741	4,944,094	966,967
Cash and cash equivalents	2,826,669	1,810,341	13,287,484	1,748,948
Total financial assets	3,984,145	2,074,082	18,231,577	2,715,915
Financial liabilities				
Loans	11,115,162	0	8,940,780	0
Suppliers	0	0	0	0
Total financial liabilities	11,115,162	0	8,940,780	0

- price risk

The company is exposed to price risk related to its own equity instruments held in other companies which are not listed on the Bucharest Stock Exchange.

- interest rate risk

The company contracted two bank loans from BRD, denominated in euros, with the aim of financing investment projects. Their balance on 31.12.2023 is 8,940,780 euros. Also, for the financing of the second phase of the modern grain terminal, the company contracted in 2023 with the same bank an investment loan in the amount of 18,750,000 euros, unused at this moment.

The company's bank deposits with a maturity of less than 3 months have a fixed interest rate.

Management of capital risk

The objective of the company management regarding capital management seeks to protect its ability to continue operations in the future, so as to bring profit to shareholders and benefits to other stakeholders and maintain an optimal capital structure.

To maintain or adjust the capital structure, the company may adjust the dividend value assigned to shareholders, refund capital to shareholders, or issue new shares or sell assets.

The company is not subject to externally imposed capital requirements. The company monitors the capital on the basis of term indebtedness. This is calculated as the ratio of net debt and total equity. Net debt is calculated as the difference between total loans and cash and cash equivalents. Total equity is calculated as the sum of equity (as reflected in the individual statement of financial position) and net debt.

The company contracted two bank loans from BRD, denominated in euros, with the aim of financing investment projects. Their balance on 31.12.2023 is 8,940,780 euros. Also, for the financing of the second phase of the modern grain terminal, the company contracted in 2023 with the same bank an investment loan in the amount of 18,750,000 euros, unused at this moment.

Fair value estimate

Fair value evaluation is carried out taking into account the following hierarchy:

- a) **level 1** - listed prices in active markets for identical assets and liabilities;
- b) **level 2** – data, other than listed prices, that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- c) **level 3** - data for assets or liabilities that are not based on observable market data (i.e. the entered unobservable data).

In case of fair value evaluated shares through other elements of comprehensive income, which are listed on BSE, the fair value was equated to the rate from the last trading day. Instead, financial assets at fair value through other elements of the comprehensive result (shares) not listed on the BSE were valued at net asset.

Fair value evaluated shares through other elements of comprehensive income (net asset measured):

	lei	
	12/31/2022	12/31/2023
ROCOMBI S.A. shares	87,518	96,352
ROFERSPED S.A. shares	376,585	271,918
TOTAL	464,103	368,270

Fair value evaluated shares through other elements of comprehensive income (measured at fair value – stock rate on last trading day):

	lei	
	12/31/2022	12/31/2023
ELECTRICA SA shares	53,540	79,975

This is a synthesis of SOCEP S.A. economic and financial results as at 12/31/2023:

I. PHYSICAL INDICATORS

INDICATORS	U.M.	Achieved 12/31/2022	12/31/2023			% 2023/2022
			Program	Achieved	%	
1. Port traffic	1000 tons	3,118	2,360	3,952	167%	127%
2. Average number of employees	persons	382	383	415	108%	109%

Port traffic in 2023 recorded a INcrease by 27%,being under a strong influence of the existing situation.

II. FINANCIAL AND EFFICIENCY INDICATORS

The statement of financial and efficiency indicators compared to the same period of 2022 are as follows:

	UM	ACHIEVED IN 2022	2023		%	
			PROGRAM	ACHIEVED	ACHIEVED/ PROGR. 2023	2023/ 2022
Income (turnover)	lei	139,646,043	165,079,328	203,752,940	123%	146%
Other income	lei	3,072,865	1,150,000	27,758,806	2,414%	903%
Raw materials and consumables	lei	-15,895,072	-18,734,334	-18,209,114	97%	115%
Cost of sold cargo	lei	-93,611	-350,000	-223,032	0%	238%
Services provided by third parties	lei	-22,200,443	-22,646,500	-33,174,769	146%	149%
Employee benefit expenses	lei	-37,008,689	-43,431,750	-47,615,395	110%	129%
Impairment and amortization expenses	lei	-17,700,020	-22,979,333	-23,204,960	101%	131%
Other expenses	lei	-1,959,447	-2,520,385	-3,872,120	154%	198%
Other income/loss from operation - net	lei	-161,348	-4,771,940	3,373,458	-71%	-2091%
Financial income	lei	1,142,977	881,516	838,837	95%	73%
Financial expenses	lei	-1,897,931	-1,226,400	-1,830,026	149%	96%
Other financial gains/losses - net	lei	678,002	550,000	459,312	84%	68%
Profit before tax	lei	47,623,327	51,000,202	108,053,938	212%	227%
Income tax expense	lei	-7,377,333	-7,390,032	-13,520,067	183%	183%
Net profit for the year	lei	40,245,993	43,610,170	94,533,871	217%	235%
Profit rate	%	34%	31%	53%	172%	156%
Work productivity	lei/pers on	365,566	431,017	490,971	114%	134%

The turnover achieved a rate of 123% over budget and a rate of 146% compared to 2022.

The gross financial income has been achieved at a rate of 212% over budget and at a rate of 227% compared to 2022.

III. HUMAN RESOURCES AND WAGE SCALE

The effective number on December 31 was 442 employees, with vocational, high school or higher education levels.

There are two unions in the company, the degree of unionization being approximately 13%.

VIII. FURTHER NOTES

During the reporting period, all legal provisions on the organization and daily bookkeeping as well as the accounting principles and methods were complied with.

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in

accordance with Order No.2844/2016 for the approval of Accounting Regulations compliant with International Financial Reporting Standards, with subsequent additions and amendments.

The financial statements have been audited by the auditing company TGS Romania Assurance&Advisory Business Services SRL duly represented by Mr. Christodoulos Seferis.

The Company complies with the Corporate Governance Code (CGC) of the Bucharest Stock Exchange (BSE). Annually, company sends to BSE the "Declaration Apply or Explain" (the Declaration) in the format indicated by BSE, which contains the implementation way of the CGC.

All holders of financial instruments of the company are treated fairly; all financial instruments of the same type and class confer equal rights.

The company endeavors to facilitate the participation of shareholders at the GMS as well as full exercise of their rights.

GMS takes place according to legal procedures so that any shareholder can freely express their opinion on the matters under discussion.

The company encourages shareholders' participation in the GMS. Those who cannot attend have the possibility to exercise voting in absence, based on a special power of attorney. Dialogue between shareholders and members of the Supervisory Board/Executive Board is encouraged during GMS and all shareholders have access to relevant information so that they can exercise their rights in a fair manner. Thus, all relevant information is posted on its web page.

As of 12/15/2012, according to the Extraordinary General Meeting of Shareholders of 14 December 2012, the company is managed in a two-tier (dual) system by a Supervisory Board and an Executive Board which operates under the law and in compliance with the law. The Supervisory Board consists of 3 members.

Supervisory Board members are:

- Dușu Nicolae - Chairman,
- Dușu Ion - Vice President,
- Samara Stere – Vice President.

The Executive Board consists of 5 members.

From 09.07.2021 according to the decision of the Supervisory Board, the Directorate consists of 5 members. The members of the Directorate are:

- Dorinel Cazacu - Chairman of The E.B.
- Gabriel Codeț - Member of the E.B.
- Ramona Pavlicu - Member of the E.B.
- Cristian Mihai Ududec - Member of the E.B.
- Teodorescu Lucian - Member of the E.B.

Mr. Dorinel Cazacu holds the office of Executive Board Chairman.

Supervisory Board and Executive Board meet whenever necessary but at least once quarterly.

The Supervisory Board did not consider opportune establishing a Nomination Committee.

The company provides appropriate regular and ongoing reports on all major events including financial statement, its performance and management.

Supervisory Board and Executive Board undertake all responsibilities with respect to financial reporting, internal control and risk management.

Supervisory Board and Executive Board decide and adopt suitable operational solutions to facilitate an adequate identification and situations solving, in case a member has a financial interest in their own name or on behalf of third parties.

Members of the Supervisory Board and the Executive Board take decisions solely in the interest of the company and do not participate in any deliberation or decision which creates conflict between their personal interests and those of the company or of subsidiaries controlled by the company.

The company endeavors to integrate in its operational activity and its interaction with interested third parties and to consistently increase the involvement of employees, representatives and trade unions, as well as persons outside the company interested in developing and implementing CSR practices.

II.3.2 Report of Socep Executive Board for consolidated financial situations

SOCEP SA CONSTANȚA Executive Board prepared this consolidated report to comply with the Accounting Law no.82/1991 and O.M.F.P. No 2844/2016 for the approval of Accounting Regulations in accordance with International Financial Reporting Standards - applicable to companies which have shares admitted to trading on a regulated market (listed on stock exchange).

This consolidated report of the Executive Board refers to the Group's activity consisting of: SOCEP SA CONSTANȚA (mother-company) and SOCEFIN SRL CONSTANȚA (subsidiary).

SOCEP SA was founded in 1991 as a joint stock company with Romanian legal personality and was based on a functional terminal specialized in port operation of containers and raw materials for metallurgy. The company is headquartered in Constanta, Incinta Port, Dana 34, Unique Registration (Fiscal Code) Code RO 1870767, registration number at the Trade Register J13/643/1991. According to the company statute, the main object of activity is the cargo handling (CAEN code 5224). The total share capital of the company, entirely private and owned by natural and legal persons, is 63,972,750.40 lei, divided into 639,727,504 dematerialized shares, with a nominal value of 0.10 lei. The company is listed on the Bucharest Stock Exchange, the Standard category, symbol "SOCP".

In 2012, SOCEP S.A. has founded SOCEFIN S.R.L. The contribution of SOCEP S.A. to the share capital of SOCEFIN S.R.L. was 30,000,000 lei totally covered in cash. In 2020, the revenues of this company came from bank interest of its own bank deposits, from participation interests and from investment securities.

As of August 1-st, 2015, according to the SOCEP SA (sole associate) EGMS decision of July 27-th, 2015, the SOCEFIN management was provided by a sole administrator. During 2023 the sole administrator was designated Mr. Dorinel Cazacu.

Group's management assimilated the two companies it consists of, with two different segments of activity:

- Port operation activity (SOCEP SA) and
- Holding activity (SOCEFIN SRL).

Group's management evaluates performances of business segments based on the net result. As of 12/31/2022 and 12/31/2023 the net result of the two business segments had the following values:

Indicators	12/31/2022			12/31/2023		
	Port operation activity	Holding activity	TOTAL	Port operation activity	Holding activity	TOTAL
Income	156,972,077	963,311	157,935,388	247,600,225	5,332,169	252,932,394
Expense	116,726,083	25,524	116,751,607	153,658,753	76,288	153,735,041
Net result	40,245,993	937,787	41,183,781	93,941,472	5,255,881	99,197,353

Group's assets and liabilities on the two segments of activity are as follows:

	12/31/2022			12/31/2023		
	Port operation activity	Holding activity	TOTAL	Port operation activity	Holding activity	TOTAL
ASSETS						
Tangible assets	227,252,221	0	227,252,221	297,774,515	0	297,774,515
Real estate investments	4,296,817	0	4,296,817	4,596,417	0	4,596,417
Intangible assets	2,184,646	0	2,184,646	2,130,008	0	2,130,008
Right-of-use asset	163,845,405	0	163,845,405	159,351,186	0	159,351,186
Financial assets at fair value through other elements of the comprehensive result	517,643	31,861,041	32,378,684	444,245	41,593,747	42,037,992
Investments in associates	0	0	0	0	0	0
Other long term investments	81,004	0	81,004	50,879	0	50,879
TOTAL NON-CURRENT ASSETS	398,177,735	31,861,041	430,038,777	464,347,249	41,593,747	505,940,997
Stocks	1,249,828	0	1,249,828	1,101,972	0	1,101,972
Clients and other receivables	25,836,786	2,690	25,839,475	64,611,040	18,390	64,629,430
Income tax	782,360	764,385	1,546,745	752,847	778,277	1,531,124
Accrued charges	446,266	0	446,266	448,947	0	448,947
Cash and cash equivalents	24,214,736	3,607,499	27,822,235	84,376,732	4,673,296	89,050,028
TOTAL CURRENT ASSETS	52,529,976	4,374,574	56,904,550	151,291,537	5,469,964	156,761,501
TOTAL ASSETS	450,707,711	36,235,615	486,943,326	615,638,786	47,063,711	662,702,497
NONCURRENT LIABILITIES						
Deferred tax liabilities	4,716,822	1,127,580	5,844,402	12,206,299	1,428,871	13,635,170
Other debts	24,156,460	0	24,156,460	10,973,870	0	10,973,870
Liabilities of leases of a right-of-use asset	168,442,272	0	168,442,272	165,017,054	0	165,017,054
Long term bank loans	40,771,193	0	40,771,193	30,681,946	0	30,681,946
Deferred income	0	0	0	0	0	0
Provisions for employee benefits	93,125	0	93,125	97,344	0	97,344
TOTAL NON-CURRENT LIABILITIES	238,179,873	1,127,580	239,307,453	218,976,513	1,428,871	220,405,384
CURRENT LIABILITIES						
Suppliers and other liabilities	14,081,052	2,813	14,083,864	22,382,004	3,401	22,385,405
Other debts	661,593	0	661,593	13,639,870	0	13,639,870
Current income tax liabilities	2,117,081	0	2,117,081	4,608,544	0	4,608,544
Debts regarding the income tax of micro-enterprise	0	1,573	1,573	0	0	0
Liabilities of leases of a right-of-use asset	6,229,881	0	6,229,881	6,336,686	0	6,336,686
Provisions	3,872,504	0	3,872,504	3,444,664	0	3,444,664
Deferred income	2,856	0	2,856	19,312	0	19,312
Long term bank loans (maturing in up to one year)	14,081,052	2,813	14,083,864	13,794,856	0	13,794,856
Interest related to long term loans	661,593	0	661,593	8,489	0	8,489
TOTAL CURRENT LIABILITIES	41,207,367	4,386	41,211,753	64,234,425	3,401	64,237,826
TOTAL LIABILITIES	279,387,240	1,131,966	280,519,206	283,210,938	1,432,271	284,643,210

In 2023 SOCEP achieved the following results:

➤ **PHYSICAL INDICATORS**

INDICATORS	UM.	Achieved 12/31/2022	12/31/2023			% 2023/2022
			Program	Achieved	%	
1. Port traffic	1000 tons	3,118	2,360	3,952	167%	127%
2. Average number of employees	persons	382	384	416	108%	109%

Port traffic in 2023 recorded a INcrease by 27%,being under a strong influence of the existing situation.

➤ **HUMAN RESOURCES AND WAGE SCALE**

The effective number on December 31 was 442 employees, with vocational, high school or higher education levels.

There are two unions in the company, the degree of unionization being approximately 13%.

FINANCIAL AND EFFICIENCY INDICATORS

INDICATORS	CALCULATION	RESULTS	
		12/31/2022	12/31/2023
1. Current liquidity	Current assets/Current liabilities	1.38	2.44
	Borrowed capital ----- x 100	135.89	75.29
	Equity		
2. Indebtedness	Borrowed capital ----- x 100	62.93	47.56
	Committed capital		
3. Rotation speed of customers flows	Average customer balance ----- x 360 Turnover	57.23	52.68
4. Rotation speed of fixed assets	Turnover/Fixed assets	0,32	0,40

Income generated by SOCEFIN S.R.L. in the amount of 5,332,169 lei came from bank interest of bank deposits for periods ranging between 1 month to 3 months, from investment securities.

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

CAP.III FINANCIAL STATEMENTS AUDITED

**III.1 INDIVIDUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 12/31/2023
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNION
AND O.M.F.P. NO. 2844/2016,
AS AMENDED AND SUPPLEMENTED**

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31-st, 2023**

	NOTE	12/31/2022	Lei 12/31/2023
NON-CURRENT ASSETS			
- Tangible assets	7	227,252,221	297,774,515
- Intangible assets	8	2,184,646	2,130,008
- Right-of-use asset	6	163,845,405	159,351,186
- Financial assets at fair value through other elements of the comprehensive result	9	517,643	444,245
- Investments in subsidiaries and associates	10	31,354,992	35,699,181
- Other long term investments	11	81,004	50,879
- Real estate investments	7	4,296,817	4,596,417
TOTAL NON-CURRENT ASSETS		429,532,727	500,046,430
CURRENT ASSETS			
- Stocks	12	1,249,828	1,101,972
- Clients and other receivables	13	25,836,786	64,611,040
- Receivables regarding profit tax	20	782,360	752,847
- Accrued charges	14	446,266	448,947
- Cash and cash equivalents	15	24,214,736	84,376,732
TOTAL CURRENT ASSETS		52,529,976	151,291,537
TOTAL ASSETS		482,062,703	651,337,967
EQUITY			
- Share capital	16	34,622,276	63,972,750
- Share capital adjustment	16	164,750,632	164,750,632
- Share premium	16	1,091,443	1,091,443
- Reserves	17	55,527,930	100,169,350
- Profit (loss) for the period	18	39,136,591	92,414,198
- Retained earnings	18	75,291,963	116,690,043
- Retained earnings from the adoption of IAS 29	16	-164,750,632	-164,750,632
- Other elements of equity	19	-2,994,741	-6,210,756
TOTAL EQUITY		202,675,463	368,127,029
LIABILITIES			
Non-current liabilities			
- Deferred tax liabilities	20	4,716,822	12,206,299
- Other liabilities	22	24,156,460	10,973,870
- Liabilities of leases of a right-of-use asset	6	168,442,272	165,017,054
- Deferred income	23	0	0
- Provisions for employee benefits	25	93,125	97,344
- Long term bank loans	21	40,771,193	30,681,946
TOTAL NON-CURRENT LIABILITIES		238,179,873	218,976,513

Current liabilities			
- Suppliers and other liabilities	24	14,081,052	22,382,004
- Other liabilities	22	661,593	13,639,870
- Liabilities of leases of a right-of-use asset	6	6,229,881	6,336,686
- Long term bank loans maturing in up to one year	21	14,219,957	13,794,856
- Interest related to long term loans	21	22,443	8,489
- Current income tax owed	20	2,117,081	4,608,544
- Provisions	25	3,872,504	3,444,664
- Deferred income	23	2,856	19,312
TOTAL CURRENT LIABILITIES		41,207,367	64,234,425
TOTAL LIABILITIES		279,387,240	283,210,938
TOTAL EQUITY AND LIABILITIES		482,062,703	651,337,967

GENERAL MANAGER,

DORINEL CAZACU

FINANCIAL MANAGER,

CRISTIAN MIHAI UDUDEC

**STATEMENT OF
COMPREHENSIVE INCOME AS
AT DECEMBER 31-st, 2023**

	Note	Lei	
		12/31/2022	12/31/2023
Income	26	139,646,043	203,752,940
Other income	27	3,072,865	27,758,806
Raw materials and consumables	28	-15,895,072	-18,209,114
Cost of sold goods	29	-93,611	-223,032
Services provided by third parties	30	-22,200,443	-33,174,769
Employee benefits expense	31	-37,008,689	-47,615,395
Impairment and amortization expense	32	-17,700,020	-23,204,960
Other expenses	33	-1,959,447	-3,872,120
Other gains/losses from operations - net	34	-161,348	3,373,458
Profit/(Loss) from operation		47,700,278	108,585,815
Financial income	35	1,142,977	838,837
Financial expense	36	-1,897,931	-1,830,026
Other financial gains/losses (net)	37	678,002	459,312
Profit before tax		47,623,327	108,053,938
Income tax expense	20	-7,377,333	-13,520,067
PROFIT FOR THE YEAR		40,245,993	94,533,871
OTHER COMPREHENSIVE INCOME ELEMENTS			
<i>Elements not to be subsequently reclassified under profit or loss</i>			
Gains or losses from evaluation of assets	17	-2,673,396	42,521,747
Deferred income tax related to other comprehensive income elements	19	427,743	-6,803,480
<i>Elements to be subsequently reclassified under profit or loss</i>			
Gains or losses on financial assets at fair value through other elements of the comprehensive result	19	93,189	4,270,791
Deferred income tax related to other comprehensive income elements	19	-14,910	-683,327
OTHER COMPREHENSIVE INCOME ELEMENTS FOR THE YEAR (without tax)		-2,167,374	39,305,732
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		38,078,619	133,839,603

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

STATEMENT OF EQUITY CHANGES AS AT DECEMBER 31-st, 2022

	Lei									
	Share Capital	Share Capital Adjustments	Reserves	Retained Earnings	Profit (loss) for the period	Retained Earnings from adopting IAS 29	Other Equity Elements	Share Premium	Own Share	Total Equity
BALANCE AS AT 01/01/2022	35,399,149	164,750,632	57,247,299	103,830,545	0	-164,750,632	-3,500,763	1,091,443	-4,087,907	189,979,767
Profit for 2022	0	0	0	0	40,245,993	0	0	0	0	40,245,993
Reinvested profit reserves	0	0	1,109,402	0	-1,109,402	0	0	0	0	0
Gains or losses on financial assets at fair value through other elements of the comprehensive result	0	0	0	0	0	0	93,189	0	0	93,189
Deferred income tax related to the change in the fair value of financial assets valued at fair value through other elements of the global result	0	0	0	0	0	0	-14,910	0	0	-14,910
Reserves from revaluation of realized tangible assets	0	0	-2,673,396	2,673,396	0	0	0	0	0	0
Reserves from revaluation of unrealized tangible assets	0	0	0	0	0	0	0	0	0	0
Deferred income tax on realized revaluation differences	0	0	0	-427,749	0	0	427,743	0	0	0
Dividends	0	0	0	-27,628,576	0	0	0	0	0	-27,628,576
Own share cancelled	-779,873	0	-155,375	-3,155,659	0	0	0	0	4,807,907	0
BALANCE AS AT 12/31/2022	34,622,276	164,750,632	55,527,930	75,291,963	39,136,591	-164,750,632	-2,994,741	1,091,443	0	202,675,463

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

STATEMENT OF EQUITY CHANGES AS AT DECEMBER 31-st, 2023

Lei

	Share Capital	Share Capital Adjustments	Reserves	Retained Earnings	Profit (loss) for the period	Retained Earnings from adopting IAS 29	Other Equity Elements	Share Premium	Total Equity
BALANCE AS AT 01/01/2023	34,622,276	164,750,632	55,527,930	75,291,963	39,136,591	-164,750,632	-2,994,741	1,091,443	202,675,463
Previous year profit	0	0	1,804,721	39,136,591	-39,136,591	0	0	0	1,804,721
Current year profit					94,533,871				94,533,871
Reinvested profit reserves	0	0	314,952	0	-2,119,673	0	0	0	-1,804,721
Gains or losses on financial assets at fair value through other elements of the comprehensive result	0	0	0	0	0	0	4,270,791	0	4,270,791
Deferred income tax related to the change in the fair value of financial assets valued at fair value through other elements of the global result	0	0	0	0	0	0	-683,327	0	-683,327
Reserves from revaluation of realized tangible assets	0	0	-2,692,248	2,692,248	0	0	0	0	0
Reserves from revaluation of unrealized tangible assets	0	0	45,213,995	0	0	0	0	0	45,213,995
Deferred income tax on realized revaluation differences	0	0	0	-430,760	0	0	-6,803,480	0	-7,234,239
Dividends	0	0	0	0	0	0	0	0	0
Share capital increase	29,350,475	0	0	0	0	0	0	0	29,350,475
BALANCE AS AT 12/31/2023	63,972,750	164,750,632	100,169,350	116,690,043	92,414,198	-164,750,632	-6,210,756	1,091,443	368,127,028

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

	12/31/2022	12/31/2023
CASH FLOWS FROM OPERATIONS		
Receipts from clients	166,190,481	223,300,045
Payments to suppliers and employees	-80,172,099	-98,595,559
VAT and other taxes (except income tax)	-1,168,172	-3,434,949
Income tax paid	-5,752,531	-11,427,179
Other receipts	3,588,639	1,667,338
Other payments	-427,608	-4,689,457
I, NET CASH FROM OPERATIONS	82,258,710	106,820,239
CASH FLOWS FROM INVESTMENTS		
Payments for acquisition of intangible assets	-61,508	-34,225
Payments for acquisition of tangible assets	-48,746,871	-48,216,554
Receipts from sale of tangible assets	9,500	0
Share capital increase		9,023,603
Interests received	634,159	1,115,662
Dividends received	526,333	692,911
II, NET CASH FROM INVESTMENTS	-47,638,387	-37,418,603
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from long-term loans	8,728,875	13,151,137
Refunding from long-term loans	-16,049,953	-22,876,204
Interest related to loan	-438,158	-372,609
Dividends paid	-23,375,225	0
III, NET CASH FROM FINANCING ACTIVITIES	-31,134,461	-10,097,676
IV, NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	3,485,862	59,303,960
V, IMPACT OF EXCHANGE RATE VARIATIONS	151,669	858,036
VI, CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	20,577,205	24,214,736
VII, CASH AND CASH EQUIVALENTS AS AT 12/31	24,214,736	84,376,732

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

Notes to the Financial Statements
as at December 31-st, 2023

All amounts are expressed in Lei (RON) unless otherwise stated

1. OVERVIEW

Established in 1991 as a joint stock company that was based on a functional terminal specialized in container and raw materials operation for metallurgy, SOCEP SA is one of the major port operators in Constanta Port. Its activity is structured on two distinct operating terminals: container terminal (500 000 TEU – annual operating capacity) and general cargo terminal (3 million tons of general -unified and bulk- cargo – annual operating capacity).

SOCEP S.A. has the following identification data:

- Registered office: Constanța, Incinta Port, Dana 34;
- Trade Register number: J 13/643/1991;
- Tax Identification Number: RO 1870767;
- Main business: cargo handling, NACE code 5224;
- Share Capital: 63,972,750.40 lei divided into 639,727,504 dematerialized registered shares with a nominal value of 0.10 lei/share, of which 43,645,878.86 lei paid and 20,326,871.54 lei not paid
- Legal form: joint stock company, listed on Bucharest Stock Exchange Standard category, symbol "SOCP";
- Type of ownership: private capital owned by individuals and legal entities.

In accordance with the decision of the Extraordinary General Meeting of Shareholders dated 14 December 2012, starting from 15 December 2012, the company is managed in a two-tier system by a duly operating Supervisory Board and a Management Board.

The Supervisory Board consists of 3 members. The Supervisory Board members are:

- Dușu Nicolae - President
- Dușu Ion - Vice-President
- Samara Stere - Vice-President

Starting with .09/07/2021 following the decision of the Supervisory Board, the Executive Board consists of 5 members. The members of the Executive Board are:

- ⇒ Cazacu Dorinel - Chairman of the E.B.
- ⇒ Codeț Gabriel - Member of the E.B.
- ⇒ Pavlicu Ramona - Member of the E.B.
- ⇒ Ududec Cristian Mihai - Member of the E.B.
- ⇒ Teodorescu Lucian Stefan - Member of the E.B.

Mr. Cazacu dorinel holds the office of Executive Board President.

2. FUNDAMENTALS OF PREPARATION

2.1. Declaration of Conformity

The financial statements of SOCEP S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2.2. Fundamentals of evaluation

The financial statements have been prepared under the historical cost convention, except for revalued assets. The last revaluation has been made on 12/31/2023, when buildings have been revaluated.

On 12/31/2012, with the transition to International Financial Reporting Standards implementation, the company's share capital was adjusted to inflation according to IAS 29 "Financial reporting in hyperinflationary economies". The adjustment was made until December 31-st, 2003, when the Romanian economy ceased to be considered hyperinflationary.

2.3. Business continuity

According to studies performed, management board members consider that the company has adequate resources to continue operating for the foreseeable future. Therefore, the company adopted the principle of business continuity in preparing the financial statements.

2.4. Functional currency and presentation currency

The financial statements of the company are shown in lei (RON) and the presentation currency is the same as the functional currency.

2.5. Use of estimates and professional judgments

The preparation of financial statements according to IFRS requires the management to use certain estimates, judgments and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and on other factors deemed reasonable in the context of such estimates. The results of these estimates form the basis for judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. Actual results may differ from these estimates.

Estimates and judgments are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is reviewed if the revision affects only that specific period or in the current and future periods if the revision affects both current and future periods. The effect of any change related to the current period is recognized as income or expense in the current period. If applicable, the effect on future periods is recognized as income or expense in those future periods.

Management believes that any possible differences from these estimates will not have a significant impact on the financial statements in the near future.

Estimates and judgments are used to: determine the impairment of tangible assets, determine the useful life of tangible assets, evaluate the impairment of inventories and receivables, acknowledge provisions and deferred tax assets.

2.6. International Financial Reporting Standards implemented in 2023 and International Financial Reporting Standards issued in 2023 but not yet implemented.

a) Standards and amendments to standards that existed on January 1, 2023.

As of January 1, 2019, IFRS 16 “Leasing” on the acquisition of an interest in a joint operation was applied for the first time with a significant impact on the company's financial statements.

b) New standards and amendments

New standards, amendments and interpretations applicable after January 1, 2023

New and updated for December 2022 year ends

For annual reporting periods beginning on or after 1 January 2023, the following is a newly effective requirement:

IFRS 17 Insurance Contracts

IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)

IAS 1 Presentation of Financial Statements and IFRS Practice Statement (Amendment – Disclosure of Accounting Policies)

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)

IAS 12 Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

Mandatorily effective for periods beginning on or after 1 January 2024

IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)

IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

3. SIGNIFICANT ACCOUNTING POLICIES AND METHODS

3.1 Transactions in foreign currency

Foreign currency transactions are exchanged into the functional currency using the exchange rates at the dates of the transactions. Gains and losses resulting from foreign exchange differences on the settlement of such transactions and from the conversion of monetary assets and liabilities expressed in foreign currencies at the exchange rate from the end of the financial year are reflected in profit or loss for that period.

Monetary assets and liabilities denominated in foreign currency at the date of statement of financial position are converted into the functional currency using the exchange rate on the date of statement of financial position.

Gains and losses on exchange rate, related to cash and cash equivalents, are presented in the statement of comprehensive income under "other financial gains or losses, net". All other gains and losses on exchange rate are presented under "other operating gains and losses, net".

3.2. Segment reporting

Reporting by business segments is made in a manner consistent with internal reporting to the key operating decision maker. The key operating decision maker, who is responsible for allocating resources and assessing performance of operating segments, is the Supervisory Board.

3.3. Tangible assets

Tangible assets are initially recognized at their actual cost, which includes costs directly attributable to their acquisition or production.

Subsequent to initial recognition, buildings are valued/recorded at revalued amount, determined by periodic assessments conducted every three years by external independent assessors, less subsequent impairment and impairment. During building revaluation, any accrued impairment at the date of revaluation is eliminated from the gross carrying amount of the asset and this net amount is recorded as revalued amount of the asset. Increases in the carrying amount arising from the revaluation of buildings are credited to revaluation reserve reflected under the equity category. Reductions compensating increases in value related to the same asset are reflected in the debit of revaluation reserves and other reductions are reflected in profit or loss for the period. The amounts recorded in the revaluation reserve are transferred to retained earnings as the asset is being depreciated. All other tangible assets are assessed subsequent to initial recognition at their cost, less accrued impairment and impairment adjustment.

Expenses subsequent to initial recognition of a tangible asset are added to their carrying amount only when future economic benefits associated to that asset are likely to be entered and the cost of the asset can be assessed reliably. Repair and maintenance expenses are recorded in the period in which they are incurred.

Land is not depreciated. Impairment of other items of tangible assets is determined based on linear impairment method and useful lives are as follows:

Special buildings and structures:	8-60 years;
Technological equipment:	4-18 years;
Devices and equipment for measurement, control and adjustment:	5-18 years;
Means of transport:	2-15 years;
Furniture, office equipment, protective equipment for human and material values and other tangible assets:	4-15 years;
Computers and peripherals:	2-4 years.

Since the company's management estimates that the tangible assets will be used to the end of their physical life, their residual value is zero.

3.4 Intangible assets

On initial recognition, intangible assets are valued at cost determined on the basis of IAS 38 "Intangible Assets". Subsequent to initial recognition, intangible assets are measured at cost less the accumulated impairment. The company has not conducted any revaluations of intangible assets.

Licenses acquired for the rights of using computer software are capitalized on the basis of the costs incurred with the acquisition and commissioning of the software in question. These costs are amortized over their estimated useful life (usually 3 years).

The costs of maintaining computer software programs are recognized as expenses within the period in which they are incurred.

3.5 Impairment of non-financial assets

Assets subject to amortization are reviewed for impairment losses whenever there are circumstances that indicate that their carrying amount may not be recoverable. An impairment loss is the difference between the carrying amount and the recoverable amount of that asset. The recoverable amount is the greater between the asset's usage value and its fair value, less any sale costs.

3.6. Financial instruments

Financial assets and liabilities include equity instruments as shares evaluated at fair value through other elements of comprehensive income, equity instruments in subsidiaries and associates, customers and other receivables, cash and cash equivalents, suppliers and other debts.

Shares evaluated at fair value through other elements of comprehensive income

The shares evaluated at fair value through other elements of comprehensive income are non-derivative instruments that are specifically classified in this category or not fit in another category of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

The shares evaluated at fair value through other elements of comprehensive income are assessed at the fair value.

Investments in subsidiaries and associated entities

Receivables from customers and similar accounts

Receivables from customers and similar accounts are non-derivative financial assets with fixed or determinable receipts that are not listed on an active market. They are included under current assets (customers and other receivables).

3.7 Stocks

Stocks are stated at the lower between cost and net realizable value. Cost is determined using the weighted average cost method (CMP/ACM). In the normal course of business, net realizable value is estimated based on selling price less costs involved.

3.8 Trade receivables (customers)

Customers' receivables are usually collected in a period of less than one year and are therefore treated as current assets.

3.9 Cash and cash equivalents

Cash and cash equivalents consist of liquidities in cash and current accounts, deposits with a maturity of less than 3 months and other securities. The available foreign currency cash and bank deposits in foreign currencies are measured and presented in the statement of financial position using the exchange rate announced by the NBR and valid at the date of the financial position statement.

3.10 Share capital

The share capital includes ordinary shares recorded at nominal value. Any excess of fair value received over the nominal value of issued shares is recognized as share premium.

The company recognizes changes in share capital under the terms specified by the legislation in force and only after their approval by the General Meeting of Shareholders and their registration with the Trade Register.

3.11 Dividend distribution

The distribution of dividends is recognized as a liability in the company's financial statements for the period in which such dividends are approved by shareholders.

3.12 Trade payables (suppliers)

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. They are classified as current liabilities. Payables arising from foreign currency transactions are measured in lei based on the exchange rate at the transaction date. Payables in foreign currency are measured using the exchange rate as communicated by NBR and valid at the date of the financial position statement.

3.13 Current and deferred income tax

Tax expense for the period includes current tax and deferred tax.

Current income tax expense is calculated based on tax regulations in force at the date of the statement of financial position.

Deferred income tax is determined taking into account the temporary differences arising between the carrying amounts and tax bases of assets and liabilities. Deferred income tax is determined using tax rates provided by the legislation in force to apply in the period when the temporary difference is achieved.

Deferred tax recorded as receivable is recognized only in as much as a future taxable profit is likely to be obtained, from which temporary differences can be deducted.

3.14 Employee benefits

In the normal course of business, the company makes payments to the Romanian State on behalf of its employees for pension, health and unemployment funds. All company employees are members of the Romanian State pension plan. Wages, salaries, contributions to pension funds and social security of the Romanian state, annual leave and paid sick leave, bonuses and non-monetary benefits are accumulated during the year in which the related services are rendered by company employees.

The company grants employees in case of retirement for old age, an end-of-career reward of two average tariff salaries per company, from the month prior to the event, provided there is an uninterrupted seniority in the company in the last five years.

3.15 Provisions

Provisions are recognized whenever the company has a legal or an implicit obligation arising from past events or when a disbursement of resources incorporating economic benefits is necessary to settle the obligation and when a reliable estimate can be made regarding the amount of the obligation.

Provisions are measured at the updated value of the expenses expected to be required to settle that obligation using a pre-tax rate that reflects current market assessments of the time value of money and the obligation-specific risks. Increase in the provision due to passage of time is recognized as financial charges on provision updating.

3.16 Income recognition

Income is assessed at the fair value of the amount received or to be received from the sale of goods and services in the company's ordinary course of business.

Income is recognized when their value can be reliably assessed, when future economic benefits are likely to be achieved for the entity and when specific criteria are met for the recognition of each category of income.

a) Income from providing services

Income from providing services is recognized according to the stage of completion of the transaction at the end of the reporting period. Thus, income is recognized in the accounting periods in which services are provided.

The services under way, not invoiced to customers, are highlighted using account 418 "Customer invoices to be issued" and are presented in the statement of financial position under "customers and other receivables".

b) Income from sale of goods

Income from sale of goods is recognized when the company transfers the significant risks and rewards related to the ownership of goods. In case of the company, the transfer of ownership right occurs upon delivery of products.

c) Interest income

Interest income is recognized using accrual accounting effective interest method.

d) Income from rents

Income from rents is recognized on an accrual basis in accordance with the economic substance of the contracts involved.

3.17. Earnings per share

In accordance with IAS 33 "Earnings per share", earnings per ordinary share are determined by dividing the profit or loss by the weighted average of ordinary shares used during the period.

The company issued ordinary shares only.

4. MANAGEMENT OF FINANCIAL RISK

4.1. Financial risk factors

The company is exposed to the following financial instrument risks:

- a) Credit risk;
- b) Liquidity risk; and
- c) Market risk.

The company management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the company. The company does not use derivative financial instruments to hedge against risk exposure.

a) Credit risk

Credit risk is the risk that the company could bear a financial loss if a customer or counterpart to a financial instrument fails to meet its contractual obligations. This results mainly from receivables to customers and cash and cash equivalents.

At the end of the reporting period, the maximum exposure to credit risk was as follows:

	12/31/2022	12/31/2023
Customers and other receivables	26,619,146	65,363,886
Cash and cash equivalents	24,214,736	84,376,732
Total	50,833,882	149,740,618

When assessing credit risk for banks and financial institutions, company management is based on independent assessments regarding their rating. For customers, there is no independent assessment, company management evaluates the financial condition of customers in terms of: reliability, past experience and other factors. Individual risk limits are set based on internal ratings, according to the limits established by the company management.

b) Liquidity risk

Liquidity risk is the risk that the company can encounter from meeting the obligations associated with financial liabilities whose settlement is made in cash or other financial assets. Company management follows the company's cash requirement forecasts to ensure that there is sufficient cash to meet operational needs.

The company management invests surplus cash in term deposits. To ensure sufficient liquidity, term deposits have a maximum maturity of 3 months. On 12/31/2023, the company had cash and cash equivalents amounting to 84,376,732 lei.

The company liabilities, for the most part, consist of debts to suppliers, employees, the state budget and social security fund.

During 2020, the company contracted, from BRD, a bank loan, in the amount of 13,012,000 euros, with the aim of financing the Modern Grain Terminal project. Also, during the year 2022, the company also contracted an investment loan from BRD in the amount of 3,550,000 euros. Their balance on 31.12.2023 is 44,476,802 lei, of which 13,794,856 lei due in the short term and 30,681,946 lei due in one year.

Also, for the financing of the second phase of the modern grain terminal, the company contracted in 2023 with BRD an investment loan in the amount of 18,750,000 euros.

The company liabilities on 12/31/2023, amounting to 279,649,618 lei, were significantly influenced by the application of IFRS 16, by recording the position Leasing debts related to the rights of use, and have the following maturities:

The company liabilities on 12/31/2023, have the following maturities:

- lei

	Value	Maturity of 12 months or less
Suppliers and other liabilities	63,810,587	40,630,418
Bank loans (including interest)	44,485,291	13,803,345
Liabilities of leases of a right-of-use asset	171,353,740	6,336,686
Total	279,649,618	60,770,449

c) Market risk

Foreign currency risk

During 2020, the company contracted, from BRD, a bank loan, in the amount of 13,012,000 euros, with the aim of financing the Modern Grain Terminal project. Also, during

the year 2022, the company also contracted an investment loan from BRD in the amount of 3,550,000 euros. Their balance on 31.12.2023 is 44,476,802 lei, of which 13,794,856 lei due in the short term and 30,681,946 lei due in one year.

The company is not hedged against foreign currency risk, but the management regularly receives predictions about the evolution of the RON/EURO and RON/USD exchange rates. Since financial assets denominated in foreign currencies are higher than financial liabilities denominated in foreign currencies, the company is exposed to foreign currency risk only if the domestic currency is depreciated.

The company's financial assets and liabilities designated in foreign currency and revalued at the end of the reporting period were as follows:

Financial assets	12/31/2022		12/31/2023	
	Euro	USD	Euro	USD
Customers	1,157,477	263,741	4,944,094	966,967
Cash and cash equivalents	2,826,669	1,810,341	13,287,484	1,748,948
Total financial assets	3,984,145	2,074,082	18,231,577	2,715,915
Financial liabilities				
Loans	11,115,162	0	8,940,780	0
Suppliers	0	0	0	0
Total financial liabilities	11,115,162	0	8,940,780	0

Price risk

The company is exposed to price risk related to equity instruments held in other companies (Notes 9 and 10) which are not listed on the Bucharest Stock Exchange.

Interest rate risk

During 2020, the company contracted, from BRD, a bank loan, in the amount of 13,012,000 euros, with the aim of financing the Modern Grain Terminal project. Also, during the year 2022, the company also contracted an investment loan from BRD in the amount of 3,550,000 euros. Their balance on 31.12.2023 is 44,476,802 lei, of which 13,794,856 lei due in the short term and 30,681,946 lei due in one year.

To finance the second phase of the modern grain terminal, the company contracted in 2023 with BRD an investment loan in the amount of 18,750,000 euros.

4.2. Management of capital risk

The objective of the company management regarding capital management seeks to protect its ability to continue operations in the future, so as to bring profit to shareholders and benefits to other stakeholders and maintain an optimal capital structure.

To maintain or adjust the capital structure, the company may adjust the dividend value assigned to shareholders, refund capital to shareholders, issue new shares or sell assets.

The company is not subject to externally imposed capital requirements. The company monitors the capital on the basis of term indebtedness. This is calculated as the ratio of net debt and total equity. Net debt is calculated as the difference between total loans and cash and cash

equivalents. Total equity is calculated as the sum of equity (as reflected in the individual/separate statement of financial position) and net debt.

Since 2019, with application of the IFRS 16 Standard, there is registered to the right to use the rental contract concluded with the Port Administration, which generates a significant increase in the degree of indebtedness.

4.3. Fair value evaluation

Fair value evaluation is carried out taking into account the following hierarchy:

- a) Level 1 - listed prices in active markets for identical assets and liabilities;
- b) Level 2 - data other than listed prices that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- c) Level 3 - data for assets or liabilities that are not based on observable market data (i.e. unobservable receipt).

In case of shares evaluated at fair value through other elements of comprehensive income, which are listed on BSE, fair value was equated to the rate from the last trading day. Instead, financial assets at fair value through other elements of the comprehensive result (shares) not listed on the BSE were valued at the net asset value.

The shares evaluated at fair value through other elements of comprehensive income (measured at the net asset value)

	12/31/2022	12/31/2023
ROCOMBI S.A. shares	87,5518	96,352
ROFERSPED S.A. shares	376,585	271,918
TOTAL	464,103	368,270

The shares evaluated at fair value through other elements of comprehensive income (measured at fair value – stock rate on last trading day):

	12/31/2022	12/31/2023
ELECTRICA SA shares	53,540	75,975

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments that involve a high degree of risk are those relating to the evaluation of provisions for employee benefits granted upon retirement.

The company provides, according to the collective labor contract company-wide applicable, a benefit for employees, to be granted in case of retirement or early retirement. The company allocates part of the benefit cost for the employees, during their working life, and a

calculation is made for this purpose that uses a discount rate which is based on determining the yield of government securities.

5.2 INFORMATION BY SEGMENTS

The company turnover is pursued on two port terminals: general cargo and container terminal. However, company assets and liabilities are managed company-wide. The whole company is therefore regarded as a single operating segment.

6. ASSETS RELATING TO THE RIGHTS OF USE

Since 2019, IFRS 16 'Leases' replaces the existing leasing instructions, including IAS 17 'Leasing', IFRIC 4 'Determining the extent to which a commitment contains a lease', SIC 15 'Operating leasing – Incentives', and SIC 27 'Economic fund valuation of transactions involving the legal form of a leasing contract'.

The amendment aims to adopt a unitary model of balance sheet reporting of the operational and financial leasing contracts, this eliminating the differentiated treatment of the two types of contracts.

IFRS 16 specifies that a contract is or contains a lease if it confers the right to control the use of an identified asset for a period of time in exchange for compensation.

Thus, the lessee must recognize an asset related to the right of use and lease debt. The assets related to the right of use are amortized over the term of the lease, and the debt generates interest. Interest expenses are recorded in the profit and loss account for the duration of the lease, being calculated at the remaining balance of the lease debt for each period.

The consequence is that higher expenses will be recognized at beginning of the lease, even if the tenant pays constant rents.

Regarding the contracts that fall under IFRS 16, Socep S.A.:

- did not recognize any asset related to the right of use and any lease debt related to contracts that expire in 12 months or less from the date of application;
- did not recognize any assets related to the right of use and any leasing debt for low value contracts (less than 25,000 eur/year).

Socep S.A. has adopted IFRS 16 starting with January 1-st 2019, using the modified retrospective method, that is:

- the data related to previous reports are not modified;
- the assets related to the right of use were valued at the value of the lease debt, adjusted with the advance payments;
- the lease debts were valued at the value of the remaining lease payments, to which a discount factor equal to the marginal interest rate is applied.

The application of IFR 16 starting with the year 2019 took into account the rent Contract no. CNAPM-00082-IDP-01, CNAPM-00082-IDP-02 and CNAPM-00082-CHI-02 concluded between Socep SA and the National Company of Ports Maritime Administration S.A. Constanta; on 12/31/2023 the consequences are:

- a) on the Statement of financial position:
 - recognition of an asset related to the use rights amounting to 186,237,691 lei;
 - recognition of a debt related to this right in the amount of 171,353,740 lei, 165,017,054 lei long – term debts and 6,336,686 lei short – term debts;

- b) on the Statement of profit or loss:
- increasing the depreciation of assets related to the rights of use with the amount of 5,891,820 lei;
 - increase of financial expenses with the amount of 5,063,433 lei;
 - increase of financial revenues with the amount of 2,505,195 lei;
 -

In conclusion, the application of IFRS 16 has the following impact on:

- assets and liabilities of the company – increase of 186,237,691 lei, respectively 171,353,740 lei;
- the result of the financial year of 2023 – decrease by 8,450,058 lei;
- on the cash flows: increase of the cash flow related to the operating activities, with the same value, so that the total cash flow is not influenced;
- on financial indicators: a current liquidity – decrease as a result of the increase of current debts;
- a degree of indebtedness – exponential growth as a result of the increase of the total debts;
- an asset turnover rate – decrease due to asset growth;

In 2023, the interest rate was maintained in accordance with existing conditions.

Thus, the lease concluded between SOCEP SA and National Company of Ports Maritime Administration SA Constanta was recognized as Asset related to the right of use and Leasing debt related to the right of use.

Assets related to the right of use:

	Assets related to the right of use
At January 1-st 2023	
Cost	184,840,090
Accumulated amortization	-20,994,685
Net carrying value	163,845,405
Year 2023	
Initial net carrying value	163,845,405
Receipts	1,397,601
Disbursements	0
Amortization for disbursements	0
Amortization expense	-5,891,820
Final net carrying value	159,351,186
At December 31-st 2023	
Cost	186,237,691
Accumulated amortization	-26,886,505
Net carrying value	159,351,186

Leasing debts related to the rights of use:

at 12.31.2023	Short term	Long term	Total
Leasing debts related to the rights of use	6,336,686	165,017,054	171,353,740

NOTE 7. TANGIBLE ASSETS AND REAL ESTATE INVESTMENT

Change in gross value, amortization and book value for each category of fixed assets is as follows:

	- lei -						
	Lands and buildings	Plant and machinery	Furniture, accessories and other equipment	Real estate investment	Assets in progress	Tangible assets advances	Total
As at 01/01/2023							
Revaluated cost or value	120,914,342	168,241,960	780,990	4,296,817	17,854,118	592,181	312,680,409
Accumulated amortization	-8,094,793	-72,394,819	-641,759	0	0	0	-81,131,371
Net carrying value	112,819,549	95,847,141	139,231	4,296,817	17,854,118	592,181	231,549,038
Year ended on 01/01/2023							
Initial net carrying value	112,819,549	95,847,141	139,231	4,296,817	17,854,118	592,181	231,549,038
Receipts	45,213,995	6,452,387	10,233	392,197	39,220,713	3,359,275	94,648,801
Disbursements	-14,166,085	-1,045,648	0	-92,597	-6,462,625	-24,698	-21,791,653
Amortization for disbursements	14,164,927	1,024,098	0	0	0	0	15,189,025
Amortization expense	-6,092,470	-11,089,327	-42,482	0	0	0	-17,224,279
Net carrying value	151,939,916	91,188,651	106,982	4,596,417	50,612,207	3,926,759	302,370,932
As at 12/31/2023							
Revaluated cost or value	151,962,252	173,648,699	791,223	4,596,417	50,612,207	3,926,759	385,537,557
Accumulated amortization	-22,336	-82,460,048	-684,241	0	0	0	-83,166,625
Net carrying value	151,939,916	91,188,651	106,982	4,596,417	50,612,207	3,926,759	302,370,932

Tangible assets have been recognized at the time of entry, at their cost, and subsequently revaluations were performed based on H.G. 26/92, H.G. 500/94, H.G. 983/98, H.G. 403/2000 and H.G. 1553/2004.

The company constructions were last revaluated on 31 December 2023 by an independent assessor, as follows:

- 45,181,137 lei - value increase, recorded in the credit of unrealized revaluation reserves account;

The evaluation report was aimed at estimating fair value in accordance with International Valuation Standards SEV 2014 - Valuation for Financial Reporting of tangible assets for the purpose of recording in accordance with Government Decision 276/21.05.2013 and the detailed rules. The methodology used is consistent with the provisions of International Accounting Standards - IFRS 13 on the accounting treatment of tangible assets including the determination of carrying values of assets using the revaluation model.

For revaluation differences, deferred income taxes were also taken into account.

During 2023, there were inflows of fixed assets amounting to 6,496,873 lei, having as sources the purchase.

With regard to the ongoing tangible assets, the following objectives have the purpose:

- Modern grain terminal;
- Different equipment;

Tangible assets in the amount of 1,143,288 lei were disposed of, by scrapping/sale.

NOTE 8. INTANGIBLE ASSETS

	Computer licenses and software
As at 01/01/2023	
Cost	3,494,249
Accumulated amortization	-1,309,603
Net carrying value	2,184,646
As at 01/01/2023	
Initial net carrying value	2,184,646
Receipts	34,223
Disbursements	-64,794
Amortization for disbursements	64,794
Amortization expense	-88,861
Final net carrying value	2,130,008
As at 12/31/2023	
Cost	3,463,678
Accumulated amortization	-1,333,670
Net carrying value	2,130,008

The intangible assets include software licenses and one trademark. Licenses are depreciated in a linear manner over a useful life of more than three years, and the trademark over eight years.

NOTE 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER ELEMENTS OF THE COMPREHENSIVE RESULT

The shares evaluated at fair value through other elements of comprehensive income include equity instruments. Company owns securities of unlisted companies (for which evaluation of the net asset value is applied or shares' appreciation/depreciation is pointed) and securities of BSE listed companies (for which shares are quarterly revalued based on the last trading day rate) as well.

Thus the shares evaluated at fair value through other elements of comprehensive income include equity instruments held in:

- Companies ROCOMBI SA BUCHAREST and ROFERSPED SA BUCHAREST. The share granted by these is 4.7619% in ROCOMBI SA BUCHAREST and 3.0911% in ROFERSPED SA BUCHAREST. The securities of the two companies are not listed on BSE and therefore are measured at net asset value.
- ELECTRICA SA. The share granted by these is 0.002 %. Shares are listed on BSE and are measured at fair value.

	Rocombi SA	Rofersped SA	Electrica SA	Total
Value as at 01/01/2023	87,518	376,585	53,540	517,643
Net asset value increases	0	0	0	0
Change in fair value	8,834	0	22,435	31,269
Net asset value decreases	0	-104,667	0	-104,667
Value as at 12/31/2023	96,352	271,918	75,975	444,245

NOTE 10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The company holds equity instruments (shares) in the following companies:

Company name	Type of relation	Country of incorporation	Percentage held (%)	Reference date for relation	Type of combination
SOCEFIN S.R.L.	Subsidiary	Romania	100.00 %	04/02/2012	Contribution since establishment

Investments in subsidiaries and associates are measured at fair value through other comprehensive income.

	Equity securities	
	SOCEFIN	Total
As at 01/01/2023	31,354,992	31,354,992
Fair value adjustments	4,344,189	4,344,189
As at 12/31/2023	35,699,181	35,699,181

NOTE 11. OTHER LONG TERM INVESTMENTS

The company established guarantees in the form of payments to suppliers, in the amount of 50,879 lei.

NOTE 12. STOCKS

Stocks held on 31/12/2023 are mainly composed of consumables. Their values were:

	12/31/2022	12/31/2023
Consumables	2,961,056	2,936,705
Goods	443,739	263,035
Adjustments for stock impairment	-2,162,647	-2,131,439
Advance payments for stocks and providing services	7,680	33,671
Total	1,249,828	1,101,971

It should be noted that stocks include some spare parts purchased in previous years, which are slowly moving. Specifically for them the company formed some adjustments for stock impairment, amounting to 2,131,439 lei.

NOTE 13. CUSTOMERS AND OTHER RECEIVABLES

	12/31/2022	12/31/2023
Trade receivables (customers)	23,086,660	42,733,798
Adjustments for customer receivables impairment	-543,365	-497,378
Trade receivables – carrying value	22,543,296	42,236,420
Other receivables	5,046,723	24,126,818
Adjustments for impairment sundry debtors	-1,753,233	-1,752,198
Other receivables - carrying value	3,293,490	22,374,620
Total	25,836,786	64,611,040

Both trade receivables and other receivables are current assets.

The evolution of adjustments for customer receivables impairment and for sundry debtors impairment during 2023 was as follows:

	Adjustments for impairment of customer receivables	Adjustments for impairment of sundry debtors
Balance as at 01/01/2023	543,365	1,753,233
Increases	169,426	0
Decreases	-215,413	-1,036
Balance as at 12/31/2023	497,378	1,752,198

Income resulting from the adjustment for trade receivables impairment is included under other gains/losses from operations – net.

Other receivables include:

	<u>12/31/2022</u>	<u>12/31/2023</u>
Advance payments for stocks and providing services	96,410	25,013
Taxes, charges to be recovered and other receivables	1,142,986	20,959,192
VAT to be recovered	121,602	63,364
Sundry debtors	3,685,725	3,079,249
Total	5,046,723	24,126,818

NOTE 14. ACCRUED CHARGES

Accrued charges were generated by the advance payment of local taxes and fees, of insurance for tangible assets and liability insurance, subscriptions, contributions and various fees. As at 12/31/2023, these were amounting 448,947 lei.

NOTE 15. CASH AND CASH EQUIVALENTS

	<u>12/31/2022</u>	<u>12/31/2023</u>
Cash and bank accounts	3,378,915	18,679,673
Short-term bank deposits	20,835,821	65,697,058
Total	24,214,736	84,376,732

Cash and cash equivalents in foreign currency were measured in the financial statements based on exchange rates valid on 12/31/2023, namely 4.9746 lei/Euro and 4.4958 lei/USD.

NOTE 16. SHARE CAPITAL

The social capital of the company is 63,972,750.40 lei divided into 639,727,504 registered shares, dematerialized with a nominal value of 0.10 lei/share, of which 43,645,878.86 lei are paid and 20,326,871.54 lei are not paid.

With the transition to the application of IFRS, the company's share capital was adjusted for inflation. The value of the adjustment is 164,750,632 lei.

Following the merger by absorption between SOCEP SA and Casa de Expeditii Phoenix SA, in the course of 2020, the following changes occurred:

- it was registered as a capital premium, the premium related to the merger in the amount of 1,091,443 lei;

NOTE 17. RESERVES

Company reserves consist of unrealized revaluation surplus and reserves. After the transition to IFRS implementation, company policy is to recognize for retained earnings the revaluation surplus for depreciable assets as they are amortized or sold.

	Reserves from revaluation of tangible assets	Legal reserves	Reserves from distribution of net profit	Reserves from tax reductions and exchange rate differences	TOTAL
As at 01/01/2023	26,455,207	6,924,455	10,325,831	11,822,437	55,527,931
Profit distribution (earnings for the year)	0	1,804,721	0	0	1,804,721
Surplus from revaluation realized	-2,692,248	0	0	0	-2,692,248
Reserve for revaluation real estate investments at fair value	45,213,995	0	0	0	45,213,995
Reserves from reinvested profit	0	0	0	314,952	314,952
As at 12/31/2023	68,976,954	8,729,176	10,325,831	12,137,389	100,169,350

Reserves from asset revaluation consist of differences from revaluation of unrealized tangible assets.

Legal reserves were formed under the law.

Reserves from profit distributions come from the legal distribution of a portion of the net profit from its own funding sources for the period 2001-2005.

Reserves from tax reductions and foreign exchange differences come from:

- tax reductions as per H.G. 402/2000 and Law 189/2001 3,858,116 lei

- amount related to exchange rate differences resulting from the assessment of liquidity in foreign currencies calculated according to Decision No.3 / 2002 of the Ministry of Public Finance

452,887 lei

- reserves from the reinvested profit

7,826,386 lei.

NOTE 18. RETAINED EARNINGS

	Retained earnings from undistributed profits	Result of the period	Retained earnings from first-time adoption of IAS 29	Retained earnings from surplus realized from revaluation reserves	Retained earnings from implementation of IFRS, less IAS 29	TOTAL
As at 01/01/2023	46,908,994	39,136,591	-1,282,715	26,523,339	3,142,345	114,428,554
Distributed legal/others reserve	0	-39,136,591	0	0	0	-39,136,591
Result for the year	39,136,591	92,414,198	0	0	0	131,550,789
Surplus from revaluation realized	0	0	0	2,692,248	0	2,692,248
Income tax related to revaluation surplus realized	0	0	0	-430,760	0	-430,760
As at 31/12/2023	86,045,585	92,414,198	-1,282,715	28,784,827	3,142,345	209,104,241

NOTE 19. OTHER EQUITY ELEMENTS

	Deferred income tax recognized in equity account	Differences from the change in fair value of financial assets at fair value through other elements of the comprehensive result	TOTAL
As at 01/01/2023	-4,716,822	1,722,081	-2,994,741
Deferred income tax related to change in fair value of financial assets at fair value through other elements of the comprehensive result	-683,327	0	-683,327
Change in fair value of financial assets at fair value through other elements of the comprehensive result	0	4,270,791	4,270,791
Deferred income tax related to revaluation surplus realized	-6,803,480	0	-6,803,480
As at 12/31/2023	-12,203,628	5,992,872	-6,210,756

NOTE 20. DEFERRED INCOME TAX AND CURRENT INCOME TAX

a) Deferred income tax

Deferred tax assets were recognized for stock adjustments, receivables adjustments and provisions.

Deferred tax liabilities were recognized in reserves from revaluation and changes in fair value of the shares evaluated at fair value through comprehensive income.

Change of assets and liabilities related to deferred income tax during the year 2022, without taking into account compensating balances related to the same taxation authority, is:

Deferred income tax assets

Deferred income tax assets	Stocks (stock adjustments)	Receivables (receivable adjustments)	Provisions	Reinvested Profit	Total
As at 01/01/2023	303,477	336,143	15,825	126,915	782,360
Recorded/credited in profit or loss for the period	73,924	34,632	6,979	0	115,534
Recorded/debited in profit or loss for the period	-111,637	-27,108	-6,303	0	-145,048
As at 12/31/2023	265,763	343,666	16,501	126,915	752,847

Deferred income tax liabilities

Deferred income tax liabilities	Revaluation reserves	Financial assets at fair value through other elements of the comprehensive result	Total
As at 01/01/2023	4,441,289	275,533	4,716,822
Recorded/credited in profit or loss for the period	0	0	0
Recorded/debited in profit or loss for the period	0	0	0
Recorded/credited in other elements of comprehensive income	-428,089	-16,959	-445,047
Recorded/debited in other elements of comprehensive income	7,234,239	700,285	7,934,524
As at 12/31/2023	11,247,439	958,860	12,206,299

b) Current income tax

	<u>12/31/2022</u>	<u>12/31/2023</u>
Balance on 01 January	109,464	2,117,081
Increases	7,760,148	13,918,642
Decreases	-5,752,531	-11,427,179
Balance on 31 December	2,117,081	4,608,544

Income tax expenses

	<u>12/31/2022</u>	<u>12/31/2023</u>
Current income tax expenses	7,760,148	13,918,642
Deferred income tax expense	100,854	145,048
Deferred income tax revenues	-483,669	-543,623
Income tax expenses	7,377,333	13,520,067

NOTE 21. BANK LOANS

During 2020, the company contracted, from BRD, a bank loan, in the amount of 13,012,000 euros, with the aim of financing the Modern Grain Terminal project. Also, during the year 2022, the company also contracted an investment loan from BRD in the amount of 3,550,000 euros. Their balance on 31.12.2023 is 44,476,802 lei, of which 13,794,856 lei due in the short term and 30,681,946 lei due in one year. To finance the second phase of the modern grain terminal, the company contracted in 2023 with BRD an investment loan in the amount of 18,750,000 euros. Also, the company has contracted with BRD and a ceiling of letters of guarantee in the amount of 340,000 euros. The interest due at the end of 2023 was 8,489 lei.

NOTE 22. OTHER LIABILITIES

Other debts include the guarantees offered to SOCEP SA by third parties, as well as the subsidy received under the Rabla program with a total value of 24,613,740. lei.

Depending on the maturity, they are structured as follows:

- 13,639,870 lei with a maturity of less than one year, representing the subsidy received under the Rabla program in the amount of 9,000 lei and the guarantees offered to SOCEP SA by third parties 13,630,870 lei;
- of 10,973,870 lei, due in 1 year, of which 29,750 lei are subsidies and 10,944,120 lei represent guarantees given to Socep by its clients.

The recognition of the subsidy extends until April 2026, and its balance on this date is 38,750 lei.

NOTE 23. DEFERRED INCOME

Under the deferred income category, the company recognizes donations for investments and revenues from rents invoiced in advance.

	<u>12/31/2022</u>	<u>12/31/2023</u>
Other revenues	2,856	19,321
TOTAL	2,856	19,321

NOTE 24. SUPPLIERS AND OTHER PAYABLES

	<u>12/31/2022</u>	<u>12/31/2023</u>
Trade payables	5,251,368	5,251,368
Suppliers for fixed assets	1,899,595	1,899,595
Salaries due	1,027,501	1,027,501
Unclaimed Dividends	1,312,955	1,312,955
Social security and other taxes	1,243,596	1,243,596
Total	8,835,420	8,835,420

Social security and other taxes, which are due in January next year, have the following values:

	<u>12/31/2022</u>	<u>12/31/2023</u>
Social security	1,275,361	1,665,567
Salary tax	237,443	303,775
VAT	197,167	183,683
Tax withheld at the income source	561,874	0
TOTAL	2,271,845	2,153,025

On 12/31/2023, the company has no outstanding debts for which interests or late payment penalties should be paid.

NOTE 25. PROVISIONS

The situation of provisions is as follows:

	<u>12/31/2022</u>	<u>12/31/2023</u>
Provisions for employee benefits	93,125	97,344
Other provisions	3,872,504	3,444,664
TOTAL	3,965,629	3,542,008

The provision for employee benefits, in the amount of 97,344 lei, is constituted for the amounts to be granted to the company's staff, at the level of two employment salaries for each, received on the retirement date.

NOTE 26. INCOME (turnover)

The company has achieved over 99% of its turnover from services performed in general cargo and container port terminals.

	<u>12/31/2022</u>	<u>12/31/2023</u>
Income from provided port services	139,168,278	202,656,240
Income from rents	927,749	548,870
Other income (sale of goods)	792,374	547,830
TOTAL	139,646,043	203,752,940

NOTE 27. OTHER INCOME

	<u>12/31/2022</u>	<u>12/31/2023</u>
Despatch and penalties	980,902	26,750,124
Miscellanea	1,001,002	542,653
Earnings from fair value assessment inv, assets	1,090,961	466,030
TOTAL	3,072,865	27,758,806

The category Dispatch and penalties includes the revenues obtained by the company as a result of the fulfillment of the contractual obligations before the deadline.

The miscellaneous category includes the revenues obtained from the provision of services, other than those related to the basic activity, from the re-invoicing of utilities and other services.

NOTE 28. RAW MATERIALS AND CONSUMABLES

	<u>12/31/2022</u>	<u>12/31/2023</u>
Expenses with consumables	10,678,507	11,963,656
Packaging costs	858	0
Expenses with other materials	563,594	565,578
Expenses with energy and water	4,652,113	5,679,880
TOTAL	15,895,072	18,209,114

NOTE 29. COST OF SOLD GOODS

	<u>12/31/2022</u>	<u>12/31/2023</u>
Expenses with goods	93,611	223,032

NOTE 30. SERVICES PERFORMED BY THIRD PARTIES

	<u>12/31/2022</u>	<u>12/31/2023</u>
Maintenance and repair expenses	5,542,393	7,484,848
Rent expenses	354,705	231,591
Insurance expenses	640,600	858,078

Protocol, advertising and publicity expenses	221,834	312,676
Expenses with charges and fees	31,558	64,110
Cargo and staff transportation expenses	117,306	121,320
Travel expenses	28,575	3,350
Postal and telecommunication expenses	175,123	186,854
Bank service expenses	50,595	159,625
Rail cars shifting expenses	1,058,744	1,726,768
Port service expenses	10,283,829	16,975,525
Sanitation expenses	548,650	818,293
Occupational safety expenses	68,980	65,864
Fire protection, safety expenses	2,026,611	1,921,607
Computer service expenses	335,919	484,036
Expenses with subscriptions, contributions	126,775	176,398
Audit, consultancy, BSE expenses	191,635	278,702
Expenses with charges, authorizations	121,641	178,971
Schooling/training expenses	48,044	26,262
Other expenses	226,926	1,099,892
TOTAL	22,200,443	33,174,769

NOTE 31. EMPLOYEE BENEFITS COST

EXPENSES	12/31/2022	12/31/2023
Salaries and meal vouchers	35,314,194	46,016,373
Social security expenses	1,694,495	1,599,022
TOTAL	37,008,689	47,615,395

	12/31/2022	12/31/2023
Average number of employees	382	415

NOTE 32. AMORTIZATION EXPENSES

	12/31/2022	12/31/2023
Expenses with the amortization of intangible assets	57,951	88,861
Expenses with the amortization of tangible assets	11,798,729	17,224,279
Expenses from revaluation of tangible assets	5,843,340	5,891,820
TOTAL	17,700,020	23,204,960

NOTE 33. OTHER EXPENSES

Other expenses include expenses with other taxes, losses on bad debts, compensation of damages, fines and penalties, donations and other operating expenses.

	12/31/2022	12/31/2023
Expenses with taxes and charges	1,196,586	1,697,634
Losses from receivables	0	160,831
Damages, fines, penalties	225,632	464,240
Donations	220	150
Sponsorships	489,275	1,498,208
Other operating expenses	47,734	51,057
TOTAL	1,959,447	3,872,120

NOTE 34. OTHER OPERATIONAL GAINS/LOSSES – NET

	12/31/2022	12/31/2023
Income from of production of fixed assets	1,584,522	3,160,308
Income from disposal of assets	1,458,798	39,274
Expenses on disposal of assets	-60,288	-22,708
Income from operating subsidies	0	-1,679
Income from provisions	311,568	3,150,153
Expenses from provisions	-3,354,502	-2,721,498
Income from adjustments of stocks and customer receivables	511,201	945,387
Expenses for adjustments of stocks and customer receivables	-665,033	-867,157
Income from exchange rate differences, less those for cash and cash equivalents	984,736	950,446
Expenses from exchange rate differences, less those for cash and cash equivalents	-972,037	-1,259,068
Income from exchange rate differences related to the Leasing debts related to the rights of use	4,323,414	0
Expenses from exchange rate differences related to the Leasing debts related to the rights of use	-4,283,727	0
TOTAL	-161,348	3,373,458

NOTE 35. FINANCIAL INCOME

Financial income includes income from interests and other income.

	12/31/2022	12/31/2023
Income from interests	1,089,855	809,749
Other financial income	53,123	29,088
TOTAL	1,142,977	838,837

NOTE 36. FINANCIAL EXPENSES

	<u>12/31/2022</u>	<u>12/31/2023</u>
Interest expenses	431,717	359,168
Interest expenses of right-of-use asset	1,466,214	1,470,858
TOTAL	1,897,931	1,830,026

NOTE 37. OTHER FINANCIAL GAINS/LOSSES – NET

The net financial gain (loss) is determined as the difference between income and expenses related to exchange rate differences for cash and cash equivalents in foreign currency and for impairment of financial assets.

	<u>12/31/2022</u>	<u>12/31/2023</u>
Income from shares	526,333	692,911
Income from exchange rate differences	3,409,619	4,307,448
Expenses from exchange rate differences	-3,257,950	-3,449,412
Expenses for impairment of financial assets	0	-4,255
Revenues with exchange rate differences, leasing debt related to asset use rights	0	2,505,195
Expenses with exchange rate differences of leasing debt related to asset use rights	0	-3,592,575
Net financial gains (losses)	678,002	459,312

NOTE 38, TRANSACTIONS WITH AFFILIATED PARTIES

In 2023, the company had transactions with the following affiliated parties: CELCO SA CONSTANȚA, It is generated by the existence of common members in their management bodies.

Sales of goods and services

Company	<u>12/31/2022</u>	<u>12/31/2023</u>
CELCO S.A.		
Sales of goods	0	0
Sales of services	80,537	158,662
Sales of fixed assets	0	0
TOTAL (VAT INCLUDED)	80,537	158,662

Balances on December 31st, 2023 resulting from sales/purchases of goods/services is 0.

NOTE 39. ECONOMIC AND FINANCIAL INDICATORS

INDICATORS	CALCULATION	RESULTS	
		12/31/2022	12/31/2023
1. Current liquidity	Current assets/Current liabilities	1.27	2.36
	Borrowed capital ----- x 100 Equity	117.52	59.48
2. Indebtedness	Borrowed capital ----- x 100 Capital employed	54.43	37.30
3. Rotation speed of customers flows	Average customer balance ----- x 360 Turnover	56.54	51.96
4. Rotation speed of fixed assets	Turnover/Fixed assets	0.33	0.41

NOTE 40. EVENTS AFTER THE REPORTING PERIOD

We specify that, after the date of preparation of the individual financial statements and before their authorization for publication, there were no significant events that could influence the Group's financial position and performance.

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

III.2 INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF INDIVIDUAL FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT To the Shareholders of SOCEP S.A.

Opinion

1. We have audited the consolidated financial statements of **SOCEP S.A.** (“the Parent Company”) with registered office in Constanța, Port Constanța premises, Berth 34, identified by unique tax registration code RO1870767, and of its subsidiary - SOCEFIN S.A., (hereinafter referred to as “the Group”) which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as a summary of significant accounting policies and explanatory notes.
2. The consolidated financial statements as at December 31, 2023 are identified as follows:
 - Net Assets / Equity: LEI 368,127,029
 - Net result of the financial year - profit: LEI 92,414,198
3. In our opinion, the attached consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and its financial performance and its cash flows for the year then ended, in accordance with the requirements of the Order of the Minister of Public Finance 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards (“OMPF 2844/2016”).

Basis for the opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), EU Regulation No. 537 of the European Parliament and the Council (“the Regulation”) and Law 162/2017 (“the Law”). Our responsibilities under these provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence that we obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We considered as key matters the following:

Key Audit Matters

Audit approach

a) Revenue Recognition

The revenue is an important indicator used to evaluate the group’s performance. Revenue is recorded when the sale of services or goods has been completed and all economic risks have been transferred to the customer. The revenue is generated from the core business which is container handling and storage services. Due to its significance within the financial statements as a whole, revenue recognition has been considered as an area that has a significant effect on our audit strategy and resource allocation in the planning and execution process.

Our audit procedures included a review of the internal control procedures for the sales and revenue recognition process as well as other procedures that included, but were not limited to:

- Documenting and evaluating the revenue recognition and revenue valuation process;
- Verification of revenue recognition period in accordance with the transfer of rights and obligations;
- testing, on a sample basis, the main revenue categories;
- confirmation of significant transactions and amounts to be collected.

Other information – Administrators’ Report

6. The administrators are responsible for preparation and presentation of other information in accordance with OMFP no. 2844/2016, articles 15 - 19. The administrators are also responsible for such internal control as they deem necessary to enable the preparation and presentation of the Administrator’s Report that is free from material misstatement due to fraud or error.
7. The other information comprises the Administrator’s Report, including the non-financial statement, but does not include the financial statements and our auditor’s report thereon.
8. Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.
9. In connection with our audit of the consolidated financial statements for the financial year ended December 31, 2023, our responsibility is to read the other

information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or with our knowledge obtained in the audit or otherwise appears to be materially misstated.

10. With respect to the Administrator's Report, we have read it and report if this has been prepared, in all material respects, in accordance with the OMPF 2844/2016, articles 15 - 19.
11. Based exclusively on the activities that should be performed during the audit of the financial statements, in our opinion:
 - a) Information presented in the Administrators' Report for the financial year for which the financial statements have been prepared, is consistent, in all material respects, with these financial statements;
 - b) The Administrators' Report has been prepared, in all material respects, in accordance with articles 15 - 19 of the OMPF 2844/2016.

Moreover, based on our knowledge and understanding of the Group and its environment gained during the audit of financial statements for the year ended December 31, 2023, we are required to report whether we identified any information included into Administrators' Report that appears to be materially misstated. We have nothing to report in this regard.

Responsibilities of Management and of the persons responsible for Governance for the Financial Statements

12. The Management is responsible for the preparation and fair presentation of these financial statements in accordance with OMPF 2844/2016, and for such internal controls as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the Management is responsible for assessing the Group'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 the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
14. The persons responsible for governance are responsible for supervising the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Financial Statements

15. 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,
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individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

16. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatements 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 controls.
 - 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 Group's internal controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
 - Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Group'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 Group 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.
 17. We communicate to the persons responsible for corporate 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.
 18. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 19. From the matters communicated to those charged with governance, we determine those matters of greatest significance in the audit of the financial statements of the
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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.

Report on other legal and regulatory requirements

20. We were appointed by the General Assembly of Shareholder by decision dated 27 April 2023 to audit the financial statements of SOCEP S.A for the financial year ended on December 31, 2023. The uninterrupted total duration of our engagement is of 1 year, covering the financial year ended on December 31, 2023.
21. We confirm that, in conducting our audit, we maintained our independence from the audited entity. We have not provided prohibited non-audit services to the Group, mentioned in article 5 paragraph (1) of the EU Regulation No. 537/2014.

Report on compliance with Delegated Regulation (EU) 2018/815 of the Commission ("Regulatory Technical Standard on the Single European Electronic Reporting Format" or "ESEF")

22. We have performed a reasonable assurance mission on the conformity of the consolidated financial statements of SOCEP S.A. ("The Group") included in the annual financial report presented in the digital file identified by the code 485100008WXQOOP8X141-2023-12-31-en ("the digital file") with Delegated Regulation (EU) 2018/815 of the Commission regarding the Single European Electronic Reporting Format ("ESEF Regulation").

Responsibilities of management and persons responsible for governance for digital files prepared in accordance with ESEF

23. The Group's management is responsible for the preparation of digital files in accordance with ESEF. This responsibility includes:
 - designing, implementing and maintaining the relevant internal control for the application of ESEF;
 - selecting and applying the corresponding iXBRL tags;
 - ensuring compliance between the digital files and the consolidated financial statements that will be published in accordance with OMFP 2844/2016 with subsequent amendments.

Auditor's Responsibilities

24. We have the responsibility to express a conclusion regarding the extent to which the consolidated financial statements included in the annual financial report are in accordance with ESEF, in all material respects, based on the evidence obtained. Our audit was conducted in accordance with the applicable International Standard on
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Assurance Engagements 3000 on "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000").

25. A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence regarding compliance with the ESEF. The nature, timing and extent of the selected procedures depend on the auditor's judgment, including the assessment of the risk of significant deviations from the provisions provided by ESEF, caused either by fraud or error. A reasonable assurance engagement includes:
- Obtaining an understanding of the process of preparing digital files in accordance with ESEF and the relevant internal controls;
 - Reconciliation of the consolidated financial statements in ESEF format with the audited financial statements of the Group that will be published in accordance with Order no. 2844/ 2016 with subsequent amendments;
 - Assessing whether the consolidated financial statements that are included in the annual financial report are drawn up in a valid XHTML format;
 - Evaluation of compliance with the requirements regarding the marking of information defined by the ESEF Regulation.

We consider that the evidence we obtained is sufficient and adequate to form the basis for our conclusion.

Conclusion

26. In our opinion, the electronic format of the consolidated financial statements of the Group for the financial year ended on December 31, 2023 included in the annual financial report and presented in the digital file is drawn up, under all significant aspects, in accordance with the ESEF Regulation.

Bucharest, 25 March 2024

For signature, please refer to the original Romanian version

Christodoulos Seferis
Registered in the Public Electronic Register ASPAAS under No. AF1585

For and on behalf of **TGS Romania Assurance and Advisory Business Services SRL**
Registered in the Public Electronic Register ASPAAS under No. FA91

**III.3 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 12/31/2023
PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
ADOPTED BY THE EUROPEAN UNION
AND O.M.F.P. NO. 2844/2016,
AS AMENDED AND SUPPLEMENTED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31-st, 2023**

	NOTE	12/31/2022	Lei 12/31/2023
NON-CURRENT ASSETS			
- Tangible assets	8	227,252,221	297,774,515
- Intangible assets	9	2,184,646	2,130,008
- Right-of-use asset	7	163,845,405	159,351,186
- Financial assets at fair value through other elements of the comprehensive result	10	32,378,684	42,037,992
- Investments in subsidiaries and associates	11	0	0
- Other long term investments	12	81,004	50,879
- Real estate investments	8	4,296,817	4,596,417
TOTAL NON-CURRENT ASSETS		430,038,777	505,940,997
CURRENT ASSETS			
- Stocks	13	1,249,828	1,101,971
- Clients and other receivables	14	25,839,476	64,629,453
- Receivables regarding profit tax	21	1,546,745	1,531,124
- Accrued charges	15	446,266	448,947
- Cash and cash equivalents	16	27,822,235	89,050,028
TOTAL CURRENT ASSETS		56,904,550	156,761,523
TOTAL ASSETS		486,943,327	662,702,520
EQUITY			
- Share capital	17	34,622,276	63,972,750
- Share capital adjustment	17	164,750,632	164,750,632
- Share premium	17	1,091,443	1,091,443
- Reserves	18	56,477,057	101,367,043
- Profit (loss) for the period	19	40,043,200	96,829,114
- Retained earnings	19	75,270,965	117,575,653
- Retained earnings from the adoption of IAS 29	17	-164,750,631	-164,750,632
- Other elements of equity	20	-1,080,820	-2,776,715
TOTAL EQUITY		206,424,121	378,059,288
LIABILITIES			
Non-current liabilities			
- Deferred tax liabilities	21	5,844,402	13,635,170
- Other liabilities	22	24,156,460	10,973,870
- Liabilities of leases of a right-of-use asset	7	168,442,272	165,017,054
- Deferred income	24	0	

- Provisions for employee benefits	26	93,125	97,344
- Long term bank loans	23	40,771,193	30,681,946
TOTAL NON-CURRENT LIABILITIES		239,307,453	220,405,384
Current liabilities			
- Suppliers and other liabilities	25	14,083,864	22,385,427
- Other liabilities	22	661,593	13,639,870
- Liabilities of leases of a right-of-use asset	7	6,229,881	6,336,686
- Long term bank loans maturing in up to one year	23	14,291,957	13,794,856
- Interest related to long term loans	23	22,443	8,489
- Current income tax owed	21	2,117,081	4,608,544
`- Current income of micro-entreprises	21	1,573	0
- Provisions	26	3,872,504	3,444,664
- Deferred income	24	2,856	19,312
TOTAL CURRENT LIABILITIES		41,211,753	64,237,848
TOTAL LIABILITIES		280,519,206	284,643,232
TOTAL EQUITY AND LIABILITIES		486,943,327	662,702,520

GENERAL MANAGER,

DORINEL CAZACU

FINANCIAL MANAGER,

CRISTIAN MIHAI UDUDEC

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME AS
AT DECEMBER 31-st, 2023**

		= în lei =	
	Note	12/31/2022	12/31/2023
Income	27	139,646,043	203,752,940
Other income	28	3,072,865	27,758,806
Raw materials and consumables	29	-15,895,072	-18,209,114
Cost of sold goods	30	-93,611	-223,032
Services provided by third parties	31	-22,202,252	-33,178,571
Employee benefits expense	32	-37,028,746	-47,653,129
Impairment and amortization expense	33	-17,700,020	-23,204,960
Other expenses	34	-1,959,447	-3,872,120
Other gains/losses from operations - net	35	-161,348	6,952,308
Operating profit / (Loss)		47,678,412	112,123,128
Financial income	36	1,267,421	996,563
Financial expense	37	-1,897,931	-1,830,026
Other financial gains/losses (net)	38	1,516,870	1,462,506
Profit before tax		48,564,772	112,752,171
Income tax expense	21	-7,377,333	-13,520,067
Expenditure with micro-enterprises tax	21	-3,658	-34,751
PROFIT FOR THE YEAR		41,183,781	99,197,353
 OTHER COMPREHENSIVE INCOME ELEMENTS			
- elements to be subsequently reclassified under profit or loss when certain conditions are met			
Gains or losses from tangible assets evaluation	19	-2,673,396	42,521,747
Deferred income related to other elements	19	427,743	-6,803,480
- elements not to be subsequently reclassified under profit or loss when certain conditions are met			
Gains or losses on financial assets at fair value through other elements of the comprehensive result	20	-4,406,719	6,080,458
Deferred income tax related to other comprehensive income elements	20	-705,075	-972,873
OTHER COMPREHENSIVE INCOME ELEMENTS FOR THE YEAR (without tax)		-7,357,447	40,825,852
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		33,826,334	140,023,205

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

CONSOLIDATED STATEMENT OF EQUITY CHANGES AS AT DECEMBER 31-st, 2022

= în lei =

	Share Capital	Share Capital Adjustments	Reserves	Retained Earnings	Profit (loss) for the period	Retained Earnings from adopting IAS 29	Other Equity Elements	Share Premium	Own Share	Total Equity
BALANCE AS AT 01/01/2022	35,399,149	164,750,632	58,165,246	98,483,178	5,762,303	-164,750,632	2,193,080	1,091,443	-4,087,907	197,006,492
Profit for 2022	0	0	0	5,326,369	41,183,781	0	0	0	0	46,510,150
Reinvested profit reserves	0	0	1,109,402	0	-1,109,402	0	0	0	0	0
Legal reserves	0	0	31,179	0	-31,179	0	0	0	0	0
Gains or losses on financial assets at fair value through other elements of the comprehensive result	0	0	0	0	0	0	-4,406,719	0	0	-4,406,719
Deferred income tax related to the change in the fair value of financial assets valued at fair value through other elements of the global result	0	0	0	0	0	0	705,075	0	0	705,075
Reserves from revaluation of realized tangible assets	0	0	-2,673,396	2,673,396	0	0	0	0	0	0
Reserves from revaluation of unrealized tangible assets	0	0	0	0	0	0	0	0	0	0
Deferred income tax on realized revaluation differences	0	0	0	-427,743	0	0	427,743	0	0	0
Dividends	0	0	0	-27,628,576	-5,762,303	0	0	0	0	-33,390,879
Own share cancelled	-779,873	0	-155,375	-3,155,659	0	0	0	0	4,807,907	0
BALANCE AS AT 12/31/2022	34,622,276	164,750,632	56,477,057	75,270,965	40,043,199	-164,750,632	-1,080,820	1,091,443	0	206,424,120

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

CONSOLIDATED STATEMENT OF EQUITY CHANGES AS AT DECEMBER 31-st, 2023

= în lei =

	Share Capital	Share Capital Adjustments	Reserves	Retained Earnings	Profit (loss) for the period	Retained Earnings from adopting IAS 29	Other Equity Elements	Share Premium	Total Equity
BALANCE AS AT 01/01/2023	34,622,276	164,750,632	56,477,057	75,270,965	40,043,200	-164,750,632	-1,080,820	1,091,443	206,424,121
Previous year profit	0	0	0	40,043,200	-40,043,200	0	0	0	0
Current year profit	0	0	0	0	96,829,114	0	0	0	96,829,114
Legal reserve	0	0	2,053,287	0	0	0	0	0	2,053,287
Reinvested profit reserves	0	0	314,952	0	0	0	0	0	314,952
Gains or losses on financial assets at fair value through other elements of the comprehensive result	0	0	0	0	0	0	6,080,458	0	6,080,458
Deferred income tax related to the change in the fair value of financial assets valued at fair value through other elements of the global result	0	0	0	0	0	0	-972,873	0	-972,873
Reserves from revaluation of realized tangible assets	0	0	-2,692,248	2,692,248	0	0	0	0	0
Reserves from revaluation of unrealized tangible assets	0	0	45,213,995	0	0	0	0	0	45,213,995
Deferred income tax on realized revaluation differences	0	0	0	-430,760	0	0	-6,803,480	0	-7,234,240
Dividends	0	0	0	0	0	0	0	0	0
Share capital increase	29,350,475	0	0	0	0	0	0	0	29,350,474
BALANCE AS AT 12/31/2023	63,972,750	164,750,632	101,367,043	117,575,653	96,829,114	-164,750,632	-2,776,715	1,091,443	378,059,288

CONSOLIDATED CASH FLOW STATEMENT AS AT 12/31/2023

Element Name	= în lei =	
	12/31/2022	12/31/2023
CASH FLOWS FROM OPERATIONS		
Receipts from clients	166,190,481	223,300,045
Payments to suppliers and employees	-80,191,061	-98,633,068
VAT and other taxes (except income tax)	-1,168,172	-3,434,949
Income tax paid	-5,752,531	-11,427,179
Micro-enterprises income tax	-6,156	-38,473
Other receipts	3,588,639	1,667,338
Other payments	-428,539	-4,692,943
I. NET CASH FROM OPERATIONS	82,232,661	106,740,771
CASH FLOWS FROM INVESTMENTS		
Payments for acquisition of intangible assets	-61,508	-34,225
Payments for acquisition of tangible assets	-48,746,871	-48,216,554
Payments for acquisition of equity instruments	-9,663	0
Receipts from sale of equity instruments	9,500	0
Receipts from sale of tangible assets	0	9,023,603
Interests received	763,195	1,273,120
Dividends received	1,482,980	1,680,718
II. NET CASH FROM INVESTMENTS	-46,562,367	-36,273,338
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from long-term loans	8,728,875	13,151,137
Payments from long-term loans	-16,049,953	-22,876,204
Paid interests related to long term loans	-438,158	-372,609
Dividends paid	-23,811,159	0
III. NET CASH FROM FINANCING ACTIVITIES	-31,570,395	-10,097,676
IV. NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	4,099,899	60,369,757
V. IMPACT OF EXCHANGE RATE VARIATIONS	151,669	858,036
VI. CASH AND CASH EQUIVALENTS AT THE START OF FINANCIAL YEAR	23,570,667	27,822,235
VII. CASH AND CASH EQUIVALENTS AS AT 31.12.	27,822,235	89,050,028

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

Notes to the Consolidated Financial Statements

as at December 31-st, 2023

All amounts are expressed in Lei (RON) unless otherwise stated

1. OVERVIEW

SOCEP S.A. (the "Company") and its subsidiary SOCEFIN S.R.L. (collectively called the "Group") have as their main business – cargo handling, NACE (CAEN) code 5224 (SOCEP S.A.) and holding activity, NACE code 6420 (SOCEFIN S.R.L.).

Founded in 1991 as a joint stock company that was based on a functional terminal specialized in port operation of containers and raw materials for metallurgy, SOCEP SA is one of the major port operators in Constanta Port. Its activity is structured on two distinct operating terminals: container terminal (500 000 TEU - annual operating capacity) and general cargo terminal (3 million tons general unified and bulk cargo - annual operating capacity).

SOCEP S.A. has the following identification data:

- registered office: Constanța, Incinta Port, Dana 34;
- Trade Register number: J 13/643/1991;
- Tax Identification Number: RO 1870767;
- main business: cargo handling, NACE code 5224;
- share capital: 63,972,750.40 lei divided into 639,727,504 dematerialized registered shares with a nominal value of 0.10 lei/share, of which 43,645,878.86 lei paid and 20,326,871.54 lei not paid
- legal form: joint stock company, listed on Bucharest Stock Exchange Standard category, symbol "SOCP";
- type of ownership: private capital owned by individuals and legal entities.

In accordance with the decision of the Extraordinary General Meeting of Shareholders dated 14 December 2012, starting from 15 December 2012, the company is managed in a two-tier (dual) system by a duly operating Supervisory Board and Executive Board.

According to the decision AGOA/27.04.2022, the Supervisory Board consists of 3 members, as follows::

- DUȘU NICULAE - President;
- DUȘU ION - Vice-president;
- SAMARA STERE - Vice-president.

From 07/09/2021, The Executive Board has a 5 members structure:

- Dorinel Cazacu - Chairman of the E.B.
- Gabriel Codeț - Member of the E.B.
- Ramona Pavlicu - Member of the E.B.
- Cristian Mihai Ududec - Member of the E.B.
- Teodorescu Lucian - Member of the E.B.

In 2012, SOCEP S.A. has founded SOCEFIN S.R.L. The contribution of SOCEP S.A. to the share capital of SOCEFIN S.R.L. was 30,000,000 lei totally covered in cash. In 2020, the revenues of this company came from bank interest of bank deposits and from participation interests.

As of August 1, 2015, according to the SOCEP SA (sole associate) EGMS decision of July 27, 2015, the SOCEFIN management was provided by a sole administrator. In 2023 management was provided by Mr. Dorinel Cazacu.

2. FUNDAMENTALS OF PREPARATION

2.1. Declaration of Conformity

The financial statements of SOCEP S.A. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

2.2. Fundamentals of evaluation

The financial statements have been prepared under the historical cost convention, except for revalued assets. The last revaluation has been made on 12/31/2023, when buildings have been revaluated.

On 12/31/2012, with the transition to International Financial Reporting Standards implementation, the company's share capital was adjusted to inflation according to IAS 29 "Financial reporting in hyperinflationary economies". The adjustment was made until December 31-st, 2003, when the Romanian economy ceased to be considered hyperinflationary.

2.3. Business continuity

According to studies performed, management board members consider that the company has adequate resources to continue operating for the foreseeable future. Therefore, the company adopted the principle of business continuity in preparing the financial statements.

2.4. Functional currency and presentation currency

The financial statements of the company are shown in lei (RON) and the presentation currency is the same as the functional currency.

2.5. Use of estimates and professional judgments

The preparation of financial statements according to IFRS requires the management to use certain estimates, judgments and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and on other factors deemed reasonable in the context of such estimates. The results of these estimates form the basis for judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. Actual results may differ from these estimates.

Estimates and judgments are reviewed periodically. Revisions to accounting estimates are recognized in the period in which the estimate is reviewed if the revision affects only that specific period or in the current and future periods if the revision affects both current and future periods. The effect of any change related to the current period is recognized as income or expense in the current period. If applicable, the effect on future periods is recognized as income or expense in those future periods.

Management believes that any possible differences from these estimates will not have a significant impact on the financial statements in the near future.

Estimates and judgments are used to: determine the impairment of tangible assets, determine the useful life of tangible assets, evaluate the impairment of inventories and receivables, acknowledge provisions and deferred tax assets.

2.6. International Financial Reporting Standards implemented in 2023 and International Financial Reporting Standards issued in 2023 but not yet implemented.

a) Standards and amendments to standards that existed on January 1, 2023.

As of January 1, 2019, IFRS 16 “Leasing” on the acquisition of an interest in a joint operation was applied for the first time with a significant impact on the company's financial statements.

b) New standards and amendments

New standards, amendments and interpretations applicable after January 1, 2023

New and updated for December 2022 year ends

For annual reporting periods beginning on or after 1 January 2023, the following is a newly effective requirement:

IFRS 17 Insurance Contracts

IFRS 16 Leases (Amendment - Liability in a Sale and Leaseback)

IAS 1 Presentation of Financial Statements and IFRS Practice Statement (Amendment – Disclosure of Accounting Policies)

IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)

IAS 12 Income Taxes (Amendment – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

Mandatorily effective for periods beginning on or after 1 January 2024

IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)

IAS 1 Presentation of Financial Statements (Amendment – Non-current Liabilities with Covenants).

3. SIGNIFICANT ACCOUNTING POLICIES AND METHODS

3.1 *Transactions in foreign currency*

Foreign currency transactions are exchanged into the functional currency using the exchange rates at the dates of the transactions. Gains and losses resulting from foreign exchange differences on the settlement of such transactions and from the conversion of monetary assets and liabilities expressed in foreign currencies at the exchange rate from the end of the financial year are reflected in profit or loss for that period.

Monetary assets and liabilities denominated in foreign currency at the date of statement of financial position are converted into the functional currency using the exchange rate on the date of statement of financial position.

Gains and losses on exchange rate, related to cash and cash equivalents, are presented in the statement of comprehensive income under "other financial gains or losses, net". All other gains and losses on exchange rate are presented under "other operating gains and losses, net".

3.2 *Segment reporting*

Reporting by business segments is made in a manner consistent with internal reporting to the key operating decision maker. The key operating decision maker, who is responsible for allocating resources and assessing performance of operating segments, is the Supervisory Board.

3.3 *Tangible assets*

Tangible assets are initially recognized at their actual cost, which includes costs directly attributable to their acquisition or production.

Subsequent to initial recognition, buildings are valued/recorded at revalued amount, determined by periodic assessments conducted every three years by external independent assessors, less subsequent

impairment and impairment. During building revaluation, any accrued impairment at the date of revaluation is eliminated from the gross carrying amount of the asset and this net amount is recorded as revalued amount of the asset. Increases in the carrying amount arising from the revaluation of buildings are credited to revaluation reserve reflected under the equity category. Reductions compensating increases in value related to the same asset are reflected in the debit of revaluation reserves and other reductions are reflected in profit or loss for the period. The amounts recorded in the revaluation reserve are transferred to retained earnings as the asset is being depreciated. All other tangible assets are assessed subsequent to initial recognition at their cost, less accrued impairment and impairment adjustment.

Expenses subsequent to initial recognition of a tangible asset are added to their carrying amount only when future economic benefits associated to that asset are likely to be entered and the cost of the asset can be assessed reliably. Repair and maintenance expenses are recorded in the period in which they are incurred.

Land is not depreciated. Impairment of other items of tangible assets is determined based on linear impairment method and useful lives are as follows:

Special buildings and structures:	8-60 years;
Technological equipment:	4-18 years;
Devices and equipment for measurement, control and adjustment:	5-18 years;
Means of transport:	2-15 years;
Furniture, office equipment, protective equipment for human and material values and other tangible assets:	4-15 years;
Computers and peripherals:	2-4 years.

Since the company's management estimates that the tangible assets will be used to the end of their physical life, their residual value is zero.

3.4 Intangible assets

On initial recognition, intangible assets are valued at cost determined on the basis of IAS 38 "Intangible Assets". Subsequent to initial recognition, intangible assets are measured at cost less the accumulated impairment. The company has not conducted any revaluations of intangible assets.

Licenses acquired for the rights of using computer software are capitalized on the basis of the costs incurred with the acquisition and commissioning of the software in question. These costs are amortized over their estimated useful life (usually 3 years).

The costs of maintaining computer software programs are recognized as expenses within the period in which they are incurred.

3.5 Impairment of non-financial assets

Assets subject to amortization are reviewed for impairment losses whenever there are circumstances that indicate that their carrying amount may not be recoverable. An impairment loss is the difference between the carrying amount and the recoverable amount of that asset. The recoverable amount is the greater between the asset's usage value and its fair value, less any sale costs.

3.6. Financial instruments

Financial assets and liabilities include equity instruments as shares evaluated at fair value through other elements of comprehensive income, equity instruments in subsidiaries and associates, customers and other receivables, cash and cash equivalents, suppliers and other debts.

Shares evaluated at fair value through other elements of comprehensive income

The shares evaluated at fair value through other elements of comprehensive income are non-derivative instruments that are specifically classified in this category or not fit in another category of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the end of the reporting period.

The shares evaluated at fair value through other elements of comprehensive income are assessed at the fair value.

Investments in subsidiaries and associated entities

Receivables from customers and similar accounts

Receivables from customers and similar accounts are non-derivative financial assets with fixed or determinable receipts that are not listed on an active market. They are included under current assets (customers and other receivables).

3.7 Stocks

Stocks are stated at the lower between cost and net realizable value. Cost is determined using the weighted average cost method (CMP/ACM). In the normal course of business, net realizable value is estimated based on selling price less costs involved.

3.8 Trade receivables (customers)

Customers' receivables are usually collected in a period of less than one year and are therefore treated as current assets.

3.9 Cash and cash equivalents

Cash and cash equivalents consist of liquidities in cash and current accounts, deposits with a maturity of less than 3 months and other securities. The available foreign currency cash and bank deposits in foreign currencies are measured and presented in the statement of financial position using the exchange rate announced by the NBR and valid at the date of the financial position statement.

3.10 Share capital

The share capital includes ordinary shares recorded at nominal value. Any excess of fair value received over the nominal value of issued shares is recognized as share premium.

The company recognizes changes in share capital under the terms specified by the legislation in force and only after their approval by the General Meeting of Shareholders and their registration with the Trade Register.

3.11 Dividend distribution

The distribution of dividends is recognized as a liability in the company's financial statements for the period in which such dividends are approved by shareholders.

3.12 Trade payables (suppliers)

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. They are classified as current liabilities. Payables arising from foreign currency transactions are measured in lei based on the exchange rate at the transaction date. Payables in foreign currency are measured using the exchange rate as communicated by NBR and valid at the date of the financial position statement.

3.13 Current and deferred income tax

Tax expense for the period includes current tax and deferred tax.

Current income tax expense is calculated based on tax regulations in force at the date of the statement of financial position.

Deferred income tax is determined taking into account the temporary differences arising between the carrying amounts and tax bases of assets and liabilities. Deferred income tax is determined using tax rates provided by the legislation in force to apply in the period when the temporary difference is achieved.

Deferred tax recorded as receivable is recognized only in as much as a future taxable profit is likely to be obtained, from which temporary differences can be deducted.

3.14 Employee benefits

In the normal course of business, the company makes payments to the Romanian State on behalf of its employees for pension, health and unemployment funds. All company employees are members of the Romanian State pension plan. Wages, salaries, contributions to pension funds and social security of the Romanian state, annual leave and paid sick leave, bonuses and non-monetary benefits are accumulated during the year in which the related services are rendered by company employees.

The company grants employees in case of retirement for old age, an end-of-career reward of two average tariff salaries per company, from the month prior to the event, provided there is an uninterrupted seniority in the company in the last five years.

3.15 Provisions

Provisions are recognized whenever the company has a legal or an implicit obligation arising from past events or when a disbursement of resources incorporating economic benefits is necessary to settle the obligation and when a reliable estimate can be made regarding the amount of the obligation.

Provisions are measured at the updated value of the expenses expected to be required to settle that obligation using a pre-tax rate that reflects current market assessments of the time value of money and the obligation-specific risks. Increase in the provision due to passage of time is recognized as financial charges on provision updating.

3.16 Income recognition

Income is assessed at the fair value of the amount received or to be received from the sale of goods and services in the company's ordinary course of business. Income is recognized when their value can be reliably assessed, when future economic benefits are likely to be achieved for the entity and when specific criteria are met for the recognition of each category of income.

a) Income from providing services

Income from providing services is recognized according to the stage of completion of the transaction at the end of the reporting period. Thus, income is recognized in the accounting periods in which services are provided.

The services under way, not invoiced to customers, are highlighted using account 418 "Customer invoices to be issued" and are presented in the statement of financial position under "customers and other receivables".

b) Income from sale of goods

Income from sale of goods is recognized when the company transfers the significant risks and rewards related to the ownership of goods. In case of the company, the transfer of ownership right occurs upon delivery of products.

c) Interest income

Interest income is recognized using accrual accounting effective interest method.

d) Income from rents

Income from rents is recognized on an accrual basis in accordance with the economic substance of the contracts involved.

3.17. Earnings per share

In accordance with IAS 33 "Earnings per share", earnings per ordinary share are determined by dividing the profit or loss by the weighted average of ordinary shares used during the period.

The company issued ordinary shares only.

3. MANAGEMENT OF FINANCIAL RISK

4.1. Financial risk factors

The Group is exposed to the following financial instrument risks:

- a) credit risk;
- b) liquidity risk; and
- c) market risk.

The management of the Group focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the company. The Group does not use derivative financial instruments to hedge against risk exposure.

a) credit risk

Credit risk is the risk that the Group could bear a financial loss if a customer or counterpart to a financial instrument fails to meet its contractual obligations. This results mainly from receivables to customers and cash and cash equivalents.

At the end of the reporting period, the maximum exposure to credit risk was as follows:

	12/31/2022	12/31/2023
	= in lei =	
Customers and other receivables	27,386,221	66,160,577
Cash and cash equivalents	27,822,235	89,050,028
Total	55,208,456	155,210,605

When assessing credit risk for banks and financial institutions, the management is based on independent assessments regarding their rating. For customers, there are no such independent assessments. However, the management evaluates the financial condition of customers in terms of: reliability, past experience and other factors. Individual risk limits are set based on internal ratings, according to the limits established by the management.

b) liquidity risk

Liquidity risk is the risk that the company can encounter from meeting the obligations associated with financial liabilities whose settlement is made in cash or other financial assets.

Company management follows the company's cash requirement forecasts to ensure that there is sufficient cash to meet operational needs.

The company management invests surplus cash in term deposits. To ensure sufficient liquidity, term deposits have a maximum maturity of 3 months. On 12/31/2023, the company had cash and cash equivalents amounting to 89,050,028 lei.

The company liabilities, for the most part, consist of debts to suppliers, employees, the state budget and social security fund.

During 2020, the company contracted, from BRD, a bank loan, in the amount of 13,012,000 euros, with the aim of financing the Modern Grain Terminal project. Also, during the year 2022, the company also contracted an investment loan from BRD in the amount of 3,550,000 euros. Their balance on 31.12.2023 is 44,476,802 lei, of which 13,794,856 lei due in the short term and 30,681,946 lei due in one year.

Also, for the financing of the second phase of the modern grain terminal, the company contracted in 2023 with BRD an investment loan in the amount of 18,750,000 euros.

The company liabilities on 12/31/2023, amounting to 281,081,911 lei, were significantly influenced by the application of IFRS 16, by recording the position Leasing debts related to the rights of use, and have the following maturities:

The company liabilities on 12/31/2023, have the following maturities:

	Value	Maturity of 12 months or less
Suppliers and other liabilities	65,242,881	40,633,841
Bank loans (including interest)	44,485,291	13,803,345
Liabilities of leases of a right-of-use asset	171,353,740	6,336,686
Total	281,081,912	60,773,872

There is an important increase of the total debts, the main element of influence is the registration of the the lease debts related to the rights of use, as a result of the application of the IFRS 16, starting with 2019.

c) market risk

- foreign currency risk

During 2020, the company contracted, from BRD, a bank loan, in the amount of 13,012,000 euros, with the aim of financing the Modern Grain Terminal project. Also, during the year 2022, the company also contracted an investment loan from BRD in the amount of 3,550,000 euros. Their balance on 31.12.2023 is 44,476,802 lei, of which 13,794,856 lei due in the short term and 30,681,946 lei due in one year.

The company is not hedged against foreign currency risk, but the management regularly receives predictions about the evolution of the leu/Euro and leu/USD exchange rates. Since financial assets denominated in foreign currencies are lower than financial liabilities denominated in foreign currencies, the company is exposed to foreign currency risk only if the the situation of depreciation of the national currency occurs. Group's liabilities in foreign currencies to its suppliers are insignificant.

The financial assets and financial liabilities of the Group designated in foreign currency at the end of the reporting period were as follows:

Financial assets	12/31/2022		12/31/2023	
	Euro	USD	Euro	USD
Customers	1,157,477	263,741	4,944,094	966,967
Cash and cash equivalents	2,826,669	1,810,341	13,287,484	1,748,948
Total financial assets	3,984,145	2,074,082	18,231,578	2,715,915
Financial liabilities				
Loans	11,115,162	0	8,940,780	0
Suppliers	0	0	0	0
Total financial liabilities	11,115,162	0	8,940,780	0

- price risk

The Group is exposed to price risk related to equity instruments of other companies which are evaluated at cost value and fair value. The Group holds equity instruments of companies listed on Bucharest Stock Exchange (those held by SOCFIN SRL) and unlisted as well (those owned by SOCEP SA).

- interest rate risk

During 2020, the company contracted, from BRD, a bank loan, in the amount of 13,012,000 euros, with the aim of financing the Modern Grain Terminal project. Also, during the year 2022, the company also contracted an investment loan from BRD in the amount of 3,550,000 euros. Their balance on 31.12.2023 is 44,476,802 lei, of which 13,794,856 lei due in the short term and 30,681,946 lei due in one year.

To finance the second phase of the modern grain terminal, the company contracted in 2023 with BRD an investment loan in the amount of 18,750,000 euros.

The company's bank deposits with a maturity of less than 3 months have a fixed interest rate.

4.2. Management of capital risk

The objective of the Group management regarding capital management seeks to protect its ability to continue operations in the future, so as to bring profit to shareholders and benefits to other involved parties and to maintain an optimal capital structure as well.

To maintain or adjust the capital structure, the Group may adjust the dividend value assigned to shareholders, refund capital to shareholders, issue new shares or sell assets.

The Group is not subject to externally imposed capital requirements. The Group monitors the share capital on the basis of term indebtedness. This is calculated as the ratio of net debt and total equity. Net debt is calculated as the difference between total loans and cash and cash equivalents. Total equity is calculated as the sum of equity (as reflected in the consolidated statement of financial position) and net debt.

Starting with 2019, with the application of the IFRS 16 Standard, there is a debt related to the right to use the lease contract concluded with the Port Authority, which generates a significant increase in the degree of indebtedness.

4.3 Fair value estimate

Fair value evaluation is carried out taking into account the following hierarchy:

- a) Level 1 - listed prices in active markets for identical assets and liabilities;
- b) Level 2 – data - other than listed prices, that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- c) Level 3 - data for assets or liabilities that are not based on observable market data (i.e. unobservable entered data).

In case of shares evaluated at fair value through other elements of comprehensive income, which are listed on BSE, fair value was equated to the rate from the last trading day. Instead, financial assets at fair value through other elements of the comprehensive result (shares) not listed on the BSE were valued at net asset value.

The shares evaluated at fair value through other elements of comprehensive income (valued at net asset value)

	Lei	
	31.12.2022	31.12.2023
ROCOMBI S.A. shares	87,518	96,352
ROFERSPED S.A. shares	376,585	271,918
TOTAL	464,103	368,270

Shares valued at fair value through other elements of the comprehensive result which are listed on BSE are:

	= in lei =	
	31.12.2022	31.12.2023
TRANSGAZ S.A. shares	6,573,155	10,778,542
ROMGAZ S.A. shares	3,803,388	5,047,675
ELECTRICA SA shares	1,357,106	1,925,782

OMV shares	433,828	593,415
SIF 3 shares	19,747,105	23,324,309
TOTAL	31,914,581	41,669,722

The carrying amount of financial assets and financial liabilities with a maturity of less than one year is approximated at fair value.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments that involve a high degree of risk are those relating to the evaluation of provisions for employee benefits granted upon retirement.

According to stipulations in the collective labor contract at the company level, SOCEP S.A. grants to its employees, in case of retirement or early retirement, an end-of-career reward. The company must allocate part of the cost for employee benefits during the term of their employment, and for this purpose a calculation is made using an update rate which is based on determining the yield of government securities.

6. INFORMATION BY SEGMENTS

The Group's management assimilated the two companies it consists of, with two different segments of activity:

- Port operation activity (SOCEP SA) and
- Holding activity (SOCEFIN SRL).

Group's management evaluates the performance of business segments based on the net result. As of 12/31/2022 and 12/31/2023 the net result of the two segments of activity had the following values:

Indicators	12/31/2022			12/31/2023		
	Port operation activity	Holding activity	TOTAL	Port operation activity	Holding activity	TOTAL
Income	156,972,077	963,311	157,935,388	247,600,225	5,332,169	252,932,394
Expense	116,726,083	25,524	116,751,607	153,658,753	76,288	153,735,041
Net result	40,245,993	937,787	41,183,781	93,941,472	5,255,881	99,197,353

Reconciliation of reported assets and liabilities split up in segments, with Group total assets and liabilities is the following:

	12/31/2022			12/31/2023		
	Port operation activity	Holding activity	TOTAL	Port operation activity	Holding activity	TOTAL
ASSETS						
Tangible assets	227,252,221	0	227,252,221	297,774,515	0	297,774,515
Real estate investments	4,296,817	0	4,296,817	4,596,417	0	4,596,417
Intangible assets	2,184,646	0	2,184,646	2,130,008	0	2,130,008
Right-of-use asset	163,845,405	0	163,845,405	159,351,186	0	159,351,186
Financial assets at fair value through other elements of the comprehensive result	517,643	31,861,041	32,378,684	444,245	41,593,747	42,037,992

Investments in associates	0	0	0	0	0	0
Other long term investments	81,004	0	81,004	50,879	0	50,879
TOTAL NON-CURRENT ASSETS	398,177,735	31,861,041	430,038,777	464,347,249	41,593,747	505,940,997
Stocks	1,249,828	0	1,249,828	1,101,972	0	1,101,972
Clients and other receivables	25,836,786	2,690	25,839,475	64,611,040	18,390	64,629,430
Income tax	782,360	764,385	1,546,745	752,847	778,277	1,531,124
Accrued charges	446,266	0	446,266	448,947	0	448,947
Cash and cash equivalents	24,214,736	3,607,499	27,822,235	84,376,732	4,673,296	89,050,028
TOTAL CURRENT ASSETS	52,529,976	4,374,574	56,904,550	151,291,537	5,469,964	156,761,501
TOTAL ASSETS	450,707,711	36,235,615	486,943,326	615,638,786	47,063,711	662,702,497
NONCURRENT LIABILITIES						
Deferred tax liabilities	4,716,822	1,127,580	5,844,402	12,206,299	1,428,871	13,635,170
Other debts	24,156,460	0	24,156,460	10,973,870	0	10,973,870
Liabilities of leases of a right-of-use asset	168,442,272	0	168,442,272	165,017,054	0	165,017,054
Long term bank loans	40,771,193	0	40,771,193	30,681,946	0	30,681,946
Deferred income	0	0	0	0	0	0
Provisions for employee benefits	93,125	0	93,125	97,344	0	97,344
TOTAL NON-CURRENT LIABILITIES	238,179,873	1,127,580	239,307,453	218,976,513	1,428,871	220,405,384
CURRENT LIABILITIES						
Suppliers and other liabilities	14,081,052	2,813	14,083,864	22,382,004	3,401	22,385,405
Other debts	661,593	0	661,593	13,639,870	0	13,639,870
Current income tax liabilities	2,117,081	0	2,117,081	4,608,544	0	4,608,544
Debts regarding the income tax of micro-enterprise	0	1,573	1,573	0	0	0
Liabilities of leases of a right-of-use asset	6,229,881	0	6,229,881	6,336,686	0	6,336,686
Provisions	3,872,504	0	3,872,504	3,444,664	0	3,444,664
Deferred income	2,856	0	2,856	19,312	0	19,312
Long term bank loans (maturing in up to one year)	14,081,052	2,813	14,083,864	13,794,856	0	13,794,856
Interest related to long term loans	661,593	0	661,593	8,489	0	8,489
TOTAL CURRENT LIABILITIES	41,207,367	4,386	41,211,753	64,234,425	3,401	64,237,826
TOTAL LIABILITIES	279,387,240	1,131,966	280,519,206	283,210,938	1,432,271	284,643,210

NOTE 7 ASSETS RELATING TO THE RIGHTS OF USE

Since 2019, IFRS 16 'Leases' replaces the existing leasing instructions, including IAS 17 'Leasing', IFRIC 4 'Determining the extent to which a commitment contains a lease', SIC 15 'Operating leasing – Incentives', and SIC 27 'Economic fund valuation of transactions involving the legal form of a leasing contract'.

The amendment aims to adopt a unitary model of balance sheet reporting of the operational and financial leasing contracts, this eliminating the differentiated treatment of the two types of contracts.

IFRS 16 specifies that a contract is or contains a lease if it confers the right to control the use of an identified asset for a period of time in exchange for compensation.

Thus, the lessee must recognize an asset related to the right of use and lease debt. The assets related to the right of use are amortized over the term of the lease, and the debt generates interest. Interest expenses are recorded in the profit and loss account for the duration of the lease, being calculated at the remaining balance of the lease debt for each period.

The consequence is that higher expenses will be recognized at beginning of the lease, even if the tenant pays constant rents.

Regarding the contracts that fall under IFRS 16, Socep S.A.:

- did not recognize any asset related to the right of use and any lease debt related to contracts that expire in 12 months or less from the date of application;
- did not recognize any assets related to the right of use and any leasing debt for low value contracts (less than 25,000 eur/year).

Socep S.A. has adopted IFRS 16 starting with January 1-st 2019, using the modified retrospective method, that is:

- the data related to previous reports are not modified;
- the assets related to the right of use were valued at the value of the lease debt, adjusted with the advance payments;
- the lease debts were valued at the value of the remaining lease payments, to which a discount factor equal to the marginal interest rate is applied.

The application of IFR 16 starting with the year 2019 took into account the rent Contract no. CNAPM-00082-IDP-01, CNAPM-00082-IDP-02 and CNAPM-00082-CHI-02 concluded between Socep SA and the National Company of Ports Maritime Administration S.A. Constanta; on 12/31/2023 the consequences are:

- c) on the Statement of financial position:
 - recognition of an asset related to the use rights amounting to 186,237,691 lei;
 - recognition of a debt related to this right in the amount of 171,353,740 lei, 165,017,054 lei long – term debts and 6,336,686 lei short – term debts;
- d) on the Statement of profit or loss:
 - increasing the depreciation of assets related to the rights of use with the amount of 5,891,820 lei;
 - increase of financial expenses with the amount of 5,063,433 lei;
 - increase of financial revenues with the amount of 2,505,195 lei;
 -

In conclusion, the application of IFRS 16 has the following impact on:

- assets and liabilities of the company – increase of 186,237,691 lei, respectively 171,353,740 lei;
- the result of the financial year of 2023 – decrease by 8,450,058 lei;
- on the cash flows: increase of the cash flow related to the operating activities, with the same value, so that the total cash flow is not influenced;
- on financial indicators: a current liquidity – decrease as a result of the increase of current debts;
- a degree of indebtedness – exponential growth as a result of the increase of the total debts;
- an asset turnover rate – decrease due to asset growth;

In 2023, the interest rate was maintained in accordance with existing conditions.

Thus, the lease concluded between SOCEP SA and National Company of Ports Maritime Administration SA Constanta was recognized as Asset related to the right of use and Leasing debt related to the right of use.

Assets related to the right of use:

At January 1-st 2023	Assets related to the right of use
Cost	184,840,090
Accumulated amortization	-20,994,685
Net carrying value	163,845,405

Year 2023

Initial net carrying value	163,845,405
Receipts	1,397,601
Disbursements	0
Amortization for disbursements	0
Amortization expense	-5,891,820
Final net carrying value	159,351,186

At December 31-st 2023

Cost	186,237,691
Accumulated amortization	-26,886,505
Net carrying value	159,351,186

Leasing debts related to the rights of use:

at 12.31.2023	Short term	Long term	Total
Leasing debts related to the rights of use	6,336,686	165,017,054	171,353,740

NOTE 8. TANGIBLE ASSETS AND REAL ESTATE INVESTMENT

Change in gross value, amortization and book value for each category of fixed assets is as follows:

	Lands and buildings	Plant and machinery	Furniture, accessories and other equipment	Real estate investment	Assets in progress	Tangible assets advances	Total
As at 01/01/2023							
Revaluated cost or value	120,914,342	168,241,960	780,990	4,296,817	17,854,118	592,181	312,680,409
Accumulated amortization	-8,094,793	-72,394,819	-641,759	0	0	0	-81,131,371
Net carrying value	112,819,549	95,847,141	139,231	4,296,817	17,854,118	592,181	231,549,038
Year ended on 01/01/2023							
Initial net carrying value	112,819,549	95,847,141	139,231	4,296,817	17,854,118	592,181	231,549,038
Receipts	45,213,995	6,452,387	10,233	392,197	39,220,713	3,359,275	94,648,801
Disbursements	-14,166,085	-1,045,648	0	-92,597	-6,462,625	-24,698	-21,791,653
Amortization for disbursements	14,164,927	1,024,098	0	0	0	0	15,189,025
Amortization expense	-6,092,470	-11,089,327	-42,482	0	0	0	-17,224,279
Net carrying value	151,939,916	91,188,651	106,982	4,596,417	50,612,207	3,926,759	302,370,932
As at 12/31/2023							
Revaluated cost or value	151,962,252	173,648,699	791,223	4,596,417	50,612,207	3,926,759	385,537,557
Accumulated amortization	-22,336	-82,460,048	-684,241	0	0	0	-83,166,625
Net carrying value	151,939,916	91,188,651	106,982	4,596,417	50,612,207	3,926,759	302,370,932

Tangible assets have been recognized at the time of entry, at their cost, and subsequently revaluations were performed based on H.G. 26/92, H.G. 500/94, H.G. 983/98, H.G. 403/2000 and H.G. 1553/2004.

The company constructions were last revaluated on 31 December 2023 by an independent assessor, as follows:

- 45,181,137 lei - value increase, recorded in the credit of unrealized revaluation reserves account;

The evaluation report was aimed at estimating fair value in accordance with International Valuation Standards SEV 2014 - Valuation for Financial Reporting of tangible assets for the purpose of recording in accordance with Government Decision 276/21.05.2013 and the detailed rules. The methodology used is consistent with the provisions of International Accounting Standards - IFRS 13 on the accounting treatment of tangible assets including the determination of carrying values of assets using the revaluation model.

For revaluation differences, deferred income taxes were also taken into account.

During 2023, there were inflows of fixed assets amounting to 6,496,873 lei, having as sources the purchase.

With regard to the ongoing tangible assets, the following objectives have the purpose:

- Modern grain terminal;
- Different equipment;

Tangible assets in the amount of 1,143,288 lei were disposed of, by scrapping/sale.

NOTE 9. INTANGIBLE ASSETS

	Lei
	Computer licenses and software
	<hr/>
As at 01/01/2023	
Cost	3,494,249
Accumulated amortization	-1,309,603
Net carrying value	2,184,646
As at 01/01/2023	
Initial net carrying value	2,184,646
Receipts	34,223
Disbursements	-64,794
Amortization for disbursements	64,794
Amortization expense	-88,861
Final net carrying value	2,130,008
As at 12/31/2023	
Cost	3,463,678
Accumulated amortization	-1,333,670
Net carrying value	2,130,008

The intangible assets include software licenses and one trademark. Licenses are depreciated in a linear manner over a useful life of more than three years, and the trademark over eight years.

NOTE 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER ELEMENTS OF THE COMPREHENSIVE RESULT

The shares svaluated through other elements of comprehensive income include equity instruments. Company owns shares of unlisted companies (for which evaluation of the net asset value is applied or shares' appreciation/depreciation is pointed) and also shares of BSE listed companies (for which shares are quarterly revalued based on the last trading day rate). Shares valued at fair value through other elements of comprehensive income include equity instruments held by SOCEP SA and SOCEFİN SRL in following companies:

- ✓ ROCOMBI SA BUCHAREST, the share granted by these is 4.2857%.
- ✓ ROFERSPED SA BUCHAREST, the share granted by these is 3.0909%.
- ✓ Shares in ELECTRICA SA held both by SOCEP and SOCEFİN. The shares are listed on BSE and are measured at fair value.
- ✓ Shares in TRANSGAZ SA held by SOCEFİN. The shares are listed on BSE and are measured at fair value.
- ✓ Shares in ROMGAZ SA held by SOCEFİN. The shares are listed on BSE and are measured at fair value.
- ✓ Shares in OMV PETROM SA held by SOCEFİN. The shares are listed on BSE and are measured at fair value.
- ✓ Shares in SIF 3 held by SOCEFİN. The shares are listed on BSE and are measured at fair value.

The shares of the first two companies are not listed on BSE therefore on 12/31/2022 and on 12/31/2023 they are measured at net asset value. Shares of ELECTRICA SA, TRANSGAZ SA, ROMGAZ SA, OMV PETROM, SIF3 have been evaluated at their fair value and were measured at fair value on the stock. Changes in the carrying amount of these securities are recognized in other elements of comprehensive income.

Regarding the shares of those three companies unlisted in BSE, their changes in the carrying amount are recognized in other elements of comprehensive income.

	Lei		
	Shares in ROCOMBI S.A.	Shares in ROFERSPED S.A.	TOTAL
Value as at 01/01/2023	87,518	376,585	464,103
Entries	0	0	0
Value increases	8,834	0	8,834
Value decreases	0	-104,667	-104,667
Value as at 12/31/2023	96,352	271,918	368,270

Shares valued at fair value through other elements of comprehensive income, listed on BSE are:

	Lei				
	01/01/2023	Fair value increases	Fair value decreases	Entries/Outputs	12/31/2023
TRANSGAZ S.A. shares	6,573,155	626,537	0	3,578,850	10,778,542
ROMGAZ S.A. shares	3,803,388	1,244,287	0	0	5,047,675
ELECTRICA S.A. shares	1,357,106	569,999	-1,324	0	1,925,782
OMV PETROM shares	433,828	159,587	0	0	593,415
SIF 3 shares	19,747,105	3,577,204	0	0	23,324,309
TOTAL	31,914,581	6,177,615	-1,324	3,578,850	41,669,722

NOTE 11. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

SOCEP SA does not hold participation titles in associated entities, except SOCEFIN SRL.

NOTE 12. OTHER LONG TERM INVESTMENTS

The company established guarantees in the form of payments to suppliers, in the amount of 50,879 lei.

NOTE 13. STOCKS

Stocks held on 31/12/2023 are mainly composed of consumables. Their values were:

	12/31/2022	12/31/2023
Consumables	2,961,056	2,936,705
Goods	443,739	263,035
Adjustments for stock impairment	-2,162,647	-2,131,439
Advance payments for stocks and providing services	7,680	33,671
Total	1,249,828	1,101,971

It should be noted that stocks include some spare parts purchased in previous years, which are slowly moving. Specifically for them the company formed some adjustments for stock impairment, amounting to 2,131,439 lei.

NOTE 14. CUSTOMERS AND OTHER RECEIVABLES

	Lei	
	12/31/2022	12/31/2023
Trade receivables (customers)	23,086,660	42,733,798
Adjustments for customer receivables impairment	-543,365	-497,378
Trade receivables – carrying value	22,543,296	42,236,420
Other receivables	5,049,412	24,145,230
Adjustments for impairment sundry debtors	-1,753,233	-1,752,198

Other receivables - carrying value	3,296,179	22,393,032
Total	25,839,476	64,629,453

Both trade receivables and other receivables are current assets.

The evolution of adjustments for customer receivables impairment and for sundry debtors impairment during 2023 was as follows:

	Adjustments for impairment of customer receivables	Adjustments for impairment of sundry debtors
Balance as at 01/01/2023	543,365	1,753,233
Increases	169,426	0
Decreases	-215,413	-1,036
Balance as at 12/31/2023	497,378	1,752,198

Income resulting from the adjustment for trade receivables impairment is included under other gains/losses from operations – net.

Other receivables include:

	12/31/2022	12/31/2023
Advance payments for stocks and providing services	96,410	25,060
Taxes, charges to be recovered and other receivables	1,145,466	20,961,961
VAT to be recovered	121,602	63,364
Sundry debtors	3,685,935	3,094,846
Total	5,049,412	24,145,230

NOTE 15. ACCRUED CHARGES

Accrued charges were generated by the advance payment of local taxes and fees, of insurance for tangible assets and liability insurance, subscriptions, contributions and various fees. As at 12/31/2023, these were amounting 448,947 lei.

NOTE 16. CASH AND CASH EQUIVALENTS

	12/31/2022	12/31/2023
Cash and bank accounts	3,386,414	18,687,970
Short-term bank deposits	24,435,821	70,362,058
Total	27,822,235	89,050,028

Cash and cash equivalents in foreign currency were measured in the financial statements based on exchange rates valid on 12/31/2023, namely 4.9746 lei/Euro and 4.4958 lei/USD.

NOTE 17. SHARE CAPITAL

The social capital of the company is 63,972,750.40 lei divided into 639,727,504 registered shares, dematerialized with a nominal value of 0.10 lei/share, of which 43,645,878.86 lei are paid and 20,326,871.54 lei are not paid.

With the transition to the application of IFRS, the company's share capital was adjusted for inflation. The value of the adjustment is 164,750,632 lei.

Following the merger by absorption between SOCEP SA and Casa de Expeditii Phoenix SA, in the course of 2020, the following changes occurred:

- it was registered as a capital premium, the premium related to the merger in the amount of 1,091,443 lei;

NOTE 18. RESERVES

Company reserves consist of unrealized revaluation surplus and reserves. After the transition to IFRS implementation, company policy is to recognize for retained earnings the revaluation surplus for depreciable assets as they are amortized or sold.

	Reserves from revaluation of tangible assets	Legal reserves	Reserves from distribution of net profit	Reserves from tax reductions and exchange rate differences	TOTAL
As at 01/01/2023	26,455,207	6,924,455	10,325,831	11,771,564	56,477,057
Profit distribution (earnings for the year)	0	1,804,721	0	248,567	2,053,287
Surplus from revaluation realized	-2,692,248	0	0	0	-2,692,248
Reserve for revaluation real estate investments at fair value	45,213,995	0	0	0	45,213,995
Reserves from reinvested profit	0	0	0	314,952	314,952
As at 12/31/2023	68,976,954	8,729,176	10,325,831	13,335,083	101,367,043

Reserves from asset revaluation consist of differences from revaluation of unrealized tangible assets.

Legal reserves were formed under the law.

Reserves from profit distributions come from the legal distribution of a portion of the net profit from its own funding sources for the period 2001-2005.

Reserves from tax reductions and foreign exchange differences come from:
 - tax reductions as per H.G. 402/2000 and Law 189/2001 3,858,116 lei

- amount related to exchange rate differences resulting from the assessment of liquidity in foreign currencies calculated according to Decision No.3 / 2002 of the Ministry of Public Finance
 - reserves from the reinvested profit

452,887 lei
 9,024,408 lei.

NOTE 19. RETAINED EARNINGS

	Lei					
	Retained earnings from undistributed profits	Result of the period	Retained earnings from first-time adoption of IAS 29	Retained earnings from surplus realized from revaluation reserves	Retained earnings from implementation of IFRS, less IAS 29	TOTAL
La 01.01.2023	46,887,995	40,043,201	-1,282,715	26,523,339	3,142,345	115,314,165
Distribution/Non-Distribution	0	-40,043,201	0		0	-40,043,201
Profit/loss	40,043,201	96,829,114	0	0	0	136,872,315
Surplus from revaluation realized	0	0	0	2,692,248	0	2,692,248
Income tax related to revaluation surplus realized	0	0	0	-430,760	0	-430,760
As at 31/12/2023	86,931,196	96,829,114	-1,282,715	28,784,827	3,142,345	214,404,767

NOTE 20. OTHER EQUITY ELEMENTS

	Lei		
	Deferred income tax recognized in equity account	Differences from the change in fair value of financial assets at fair value through other elements of the comprehensive result	TOTAL
As at 01/01/2023	-5,080,018	3,999,198	-1,080,820
Deferred income tax related to change in fair value of financial assets at fair value through other elements of the comprehensive result	-972,873	0	-972,873
Change in fair value of financial assets at fair value through other elements of the comprehensive result	0	6,080,458	6,080,458
Deferred income tax related to revaluation surplus realized	-6,803,480	0	-6,803,480
Changing the fair value from revaluation	0	0	0
As at 12/31/2023	-12,856,371	10,079,656	-2,776,715

NOTE 21. DEFERRED INCOME TAX AND CURRENT INCOME TAX;

During 2023 SOCEP SA and SOCEFIN SRL have paid their income taxes.

a) Deferred income tax

Deferred tax assets were recognized for stock adjustments, receivables adjustments and provisions.

Deferred tax liabilities were recognized in reserves from revaluation and changes in fair value of shares evaluated at fair value through other elements of comprehensive income. Change of assets and liabilities related to deferred income tax during the year 2019, without taking into account compensation of balances related to and dependent of the same tax authority, is the following:

Deferred income tax assets

Deferred income tax assets	Stocks (stock adjustments)	Receivables (receivable adjustments)	Provisions, title adjustments	Reinvested Profit	Lei
					Total
As at 01/01/2023	303,477	336,143	780,210	126,915	1,546,745
Recorded/credited in profit or loss for the period	73,924	34,632	719.008	0	827,564
Recorded/debited in profit or loss for the period	-111,637	-27,109	-706.588	0	-845,334
As at 12/31/2023	265,764	343,666	792.630	126,915	1,528,975

Deferred income tax liabilities

Deferred income tax liabilities	Revaluation reserves	Financial assets at fair value through other elements of the comprehensive result	Lei
			Total
As at 01/01/2023	4,441,289	1,403,113	5,844,402
Recorded/credited in profit or loss for the period	0	0	0
Recorded/debited in profit or loss for the period	0	0	0
Recorded/credited in other elements of comprehensive income	-428,088	0	-428,088
Recorded/debited in other elements of comprehensive income	7,234,239	984,617	8,218,856
As at 12/31/2023	11,247,440	2,387,730	13,635,170

b) Current income tax

	<u>12/31/2022</u>	<u>12/31/2023</u>
Balance on 01 January	109,464	2,117,081
Increases	7,760,148	13,918,642
Decreases	-5,752,531	-11,427,179
Balance on 31 December	2,117,081	4,608,544

Income tax expenses

	<u>12/31/2022</u>	<u>12/31/2023</u>
Current income tax expenses	7,760,148	13,918,642
Deferred income tax expense	100,854	145,048
Deferred income tax revenues	-483,669	-543,623
Income tax expenses	7,377,333	13,520,067

Expenditures on taxes and incomes of micro-enterprises
 For the year 2023, Socefin SRL is a taxpayer on the income tax of micro-enterprises, having a debt of 2,149 lei and an annual expenditure of 34,751 lei.

NOTE 22. OTHER LIABILITIES

Other debts include the guarantees offered to SOCEP SA by third parties, as well as the subsidy received under the Rabla program with a total value of 24,613,740. lei.

Depending on the maturity, they are structured as follows:

- 13,639,870 lei with a maturity of less than one year, representing the subsidy received under the Rabla program in the amount of 9,000 lei and the guarantees offered to SOCEP SA by third parties 13,630,870 lei;
- of 10,973,870 lei, due in 1 year, of which 29,750 lei are subsidies and 10,944,120 lei represent guarantees given to Socep by its clients.

The recognition of the subsidy extends until April 2026, and its balance on this date is 38,750 lei.

NOTE 23. BANK LOANS

During 2020, the company contracted, from BRD, a bank loan, in the amount of 13,012,000 euros, with the aim of financing the Modern Grain Terminal project. Also, during the year 2022, the company also contracted an investment loan from BRD in the amount of 3,550,000 euros. Their balance on 31.12.2023 is 44,476,802 lei, of which 13,794,856 lei due in the short term and 30,681,946 lei due in one year.

To finance the second phase of the modern grain terminal, the company contracted in 2023 with BRD an investment loan in the amount of 18,750,000 euros.

Also, the company has contracted with BRD and a ceiling of letters of guarantee in the amount of 340,000 euros.

The interest due at the end of 2023 was 8,489 lei.

NOTE 24. DEFERRED INCOME

Under the deferred income category, the company recognizes donations for investments and revenues from rents invoiced in advance.

	<u>12/31/2022</u>	<u>12/31/2023</u>
Other revenues	2,856	19,312
TOTAL	2,856	19,312

NOTE 25. SUPPLIERS AND OTHER PAYABLES

The suppliers and other payables statement is as follows:

	<u>12/31/2022</u>	<u>12/31/2023</u>
Trade payables	5,996,189	14,511,675
Suppliers for fixed assets	1,366,735	3,603,011
Salaries due	924,630	1,247,532
Unclaimed Dividends	4,889,888	4,471,762
Social security and other taxes	2,273,147	2,154,448
Other payables	10	10
Total	14,083,864	22,385,427

Social security and other taxes, which are due in January next year, have the following values:

	<u>12/31/2022</u>	<u>12/31/2023</u>
Social security	1,276,386	1,666,776
Salary tax	237,720	303,989
VAT	197,167	183,683
Tax withheld at the income source	561,874	0
TOTAL	2,273,147	2,154,448

On 31/12/2023, the company has no outstanding debts for which interests or late payment penalties should be paid.

NOTE 26. PROVISIONS

The situation of provisions is as follows:

	<u>12/31/2022</u>	<u>12/31/2023</u>
Provisions for employee benefits	93,125	97,344
Other provisions	3,872,504	3,444,664
TOTAL	3,965,629	3,542,008

The provision for employee benefits, in the amount of 97,344 lei, is constituted for the amounts to be granted to the company's staff, at the level of two employment salaries for each, received on the retirement date.

NOTE 27. INCOME (turnover)

The Group has achieved over 99% of its turnover from services performed in general cargo and container port terminals.

	12/31/2022	Lei 12/31/2023
Income from provided port services	139,168,278	202,656,240
Income from rents	927,749	548,870
Other income (sale of goods)	792,374	547,830
TOTAL	139,646,043	203,752,940

NOTE 28. OTHER INCOME

	12/31/2022	Lei 12/31/2023
Despatch and penalties	980,902	26,750,124
Miscellaneous	1,001,002	542,653
Earnings from fair value assessment of inv. assets	1,090,961	466,030
TOTAL	3,072,865	27,758,806

The category Despatch and penalties includes the revenues obtained by the company as a result of the fulfillment of the contractual obligations before the deadline.

The miscellaneous category includes the revenues obtained from the provision of services, other than those related to the basic activity, from the re-invoicing of utilities and other services.

NOTE 29. RAW MATERIALS AND CONSUMABLES

	12/31/2022	Lei 12/31/2023
Expenses with consumables	10,678,507	11,963,656
Packaging costs	858	0
Expenses with other materials	563,594	565,578
Expenses with energy and water	4,652,113	5,679,880
TOTAL	15,895,072	18,209,114

NOTE 30. COST OF SOLD GOODS

	12/31/2022	Lei 12/31/2023
Expenses with goods	93,611	223,032

NOTE 31. SERVICES PROVIDED BY THIRD PARTIES

	12/31/2022	Lei 12/31/2023
Maintenance and repair expenses	5,542,393	7,484,848
Rent expenses	354,705	231,591
Insurance expenses	640,600	858,077
Protocol, advertising and publicity expenses	221,834	312,676
Expenses with charges and fees	31,558	64,109
Cargo and staff transportation expenses	117,306	121,320
Travel expenses	28,575	3,350
Postal and telecommunication expenses	175,123	186,854
Bank service expenses	52,025	163,112
Rail cars shifting expenses	1,058,744	1,726,768
Port service expenses	10,283,829	16,975,525
Sanitation expenses	548,650	818,293
Occupational safety expenses	68,980	65,864
Fire protection, safety expenses	2,026,611	1,921,607
Computer service expenses	335,919	484,036
Expenses with subscriptions, contributions	126,775	176,398
Audit, consultancy, BSE expenses	191,684	278,702
Expenses with charges, authorizations	121,700	178,971
Schooling/training expenses	48,044	26,262
Other expenses	227,196	1,100,208
TOTAL	22,202,252	33,178,571

NOTE 32. EMPLOYEE BENEFITS COST

EXPENSES	12/31/2022	Lei 12/31/2023
Salaries and meal vouchers	35,645,098	46,053,273
Social security expenses	1,383,648	1,599,856
TOTAL	37,028,746	47,653,129

	12/31/2022	12/31/2023
AVERAGE NUMBER OF EMPLOYEES	383	416

NOTE 33, AMORTIZATION EXPENSES

	12/31/2022	12/31/2023
Expenses with the amortization of intangible assets	57,951	88,861
Expenses with the amortization of tangible assets	11,798,729	17,224,279
Expenses from revaluation of tangible assets	5,843,340	5,891,820
TOTAL	17,700,020	23,204,960

NOTE 34. OTHER EXPENSES

Other expenses include expenses with other taxes, losses on bad debts, compensation of damages, fines and penalties, donations and other operating expenses.

	12/31/2022	12/31/2023
Expenses with taxes and charges	1,196,586	1,697,634
Losses from receivables	0	160,831
Damages, fines, penalties	225,632	464,240
Donations	220	150
Sponsorships	489,275	1,498,208
Other operating expenses	47,734	51,057
TOTAL	1,959,447	3,872,120

In other operating expenses, services on customers account and re-invoiced to them are recorded.

NOTE 35. OTHER OPERATIONAL GAINS/LOSSES – NET

	12/31/2022	12/31/2023
Income from of production of fixed assets	1,584,522	3,160,308
Income from disposal of assets	1,458,798	39,274
Expenses on disposal of assets	-60,288	-22,708
Income from operating subsidies	0	-1,679
Income from provisions	311,568	3,150,153
Expenses from provisions	-3,354,502	-2,721,498
Income from adjustments of stocks and customer receivables	511,201	945,387
Expenses for adjustments of stocks and customer receivables	-665,033	-867,157
Income from exchange rate differences, less those for cash and cash equivalents	984,736	950,446

Expenses from exchange rate differences, less those for cash and cash equivalents	-972,037	-1,259,068
Income from exchange rate differences related to the Leasing debts related to the rights of use	4,323,414	0
Expenses from exchange rate differences related to the Leasing debts related to the rights of use	-4,283,727	0
Other income from activities without patrimonial purpose	0	3,578,850
TOTAL	-161,348	6,952.308

NOTE 36. FINANCIAL INCOME

Financial income includes income from interests and other income.

	12/31/2022	12/31/2023
		Lei
Income from interests	1,214,298	967,475
Other financial income	53,123	29,088
TOTAL	1,267,421	996,563

NOTE 37. FINANCIAL EXPENSES

	12/31/2022	12/31/2023
		= in lei =
Interest expenses	431,717	359,168
Interest expenses of right-of-use asset	1,466,214	1,470,858
TOTAL	1,897,931	1,830,026

NOTE 38. OTHER FINANCIAL GAINS/LOSSES – NET

The net financial gain (loss) is determined as the difference between income and expenses related to exchange rate differences for cash and cash equivalents in foreign currency and impairment of financial assets as well.

	12/31/2022	12/31/2023
		Lei
Income from shares	1,365,200	1,696,105
Income from exchange rate differences	3,409,619	4,307,448
Expenses from exchange rate differences	-3,257,950	-3,449,412

Expenses for impairment of financial assets	0	-4,255
Revenues with exchange rate differences, leasing debt related to asset use rights		2,505,195
Expenses with exchange rate differences of leasing debt related to asset use rights		-3,592,575
Net financial gains (losses)	1,516,870	1,462,506

NOTE 39. TRANSACTIONS WITH AFFILIATED PARTIES

In 2023, the company had transactions with the following affiliated parties: CELCO SA CONSTANȚA. It is generated by the existence of common members in their management bodies.

Sales of goods and services

Company	12/31/2022	12/31/2023
CELCO S.A.		
Sales of goods	0	0
Sales of services	80,537	158,662
Sales of fixed assets	0	0
TOTAL (VAT INCLUDED)	80,537	158,662

Balances on December 31st, 2023 resulting from sales/purchases of goods/services is 0.

NOTE 40. ECONOMIC AND FINANCIAL INDICATOR

INDICATORS	CALCULATION	RESULTS	
		12/31/2022	12/31/2023
1. Current liquidity	Current assets/Current liabilities	1.27	2.36
	Borrowed capital ----- x 100 Equity	117.52	59.48
2. Indebtedness	Borrowed capital ----- x 100 Capital employed	54.43	37.30
3. Rotation speed of customers flows	Average customer balance ----- x 360 Turnover	56.54	51.96
4. Rotation speed of fixed assets	Turnover/Fixed assets	0.33	0.41

NOTE 41. EVENTS AFTER THE REPORTING PERIOD

We specify that, after the date of preparation of the individual financial statements and before their authorization for publication, there were no significant events that could influence the Group's financial position and performance.

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

III.4 REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of SOCEP S.A.

Report on the Audit of Consolidated Financial Statements

Opinion

1. We have audited the consolidated financial statements of **SOCEP S.A.** (“the Parent Company”) with registered office in Constanța, Port Constanța premises, Berth 34, identified by unique tax registration code RO1870767, and of its subsidiary - SOCEFIN S.A., (hereinafter referred to as “the Group”) which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as a summary of significant accounting policies and explanatory notes.
2. The consolidated financial statements as at December 31, 2023 are identified as follows:

➤ Net Assets / Equity:	LEI 368,127,029
➤ Net result of the financial year - profit:	LEI 92,414,198
3. In our opinion, the attached consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and its financial performance and its cash flows for the year then ended, in accordance with the requirements of the Order of the Minister of Public Finance 2844/2016 for the approval of accounting regulations in accordance with International Financial Reporting Standards (“OMPF 2844/2016”).

Basis for the opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), EU Regulation No. 537 of the European Parliament and the Council (“the Regulation”) and Law 162/2017 (“the Law”). Our responsibilities under these provisions and standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence that we obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We considered as key matters the following:

Key Audit Matters

Audit approach

b) Revenue Recognition

The revenue is an important indicator used to evaluate the group's performance. Revenue is recorded when the sale of services or goods has been completed and all economic risks have been transferred to the customer. The revenue is generated from the core business which is container handling and storage services. Due to its significance within the financial statements as a whole, revenue recognition has been considered as an area that has a significant effect on our audit strategy and resource allocation in the planning and execution process.

Our audit procedures included a review of the internal control procedures for the sales and revenue recognition process as well as other procedures that included, but were not limited to:

- Documenting and evaluating the revenue recognition and revenue valuation process;
- Verification of revenue recognition period in accordance with the transfer of rights and obligations;
- testing, on a sample basis, the main revenue categories;
- confirmation of significant transactions and amounts to be collected.

Other information – Administrators' Report

6. The administrators are responsible for preparation and presentation of other information in accordance with OMFP no. 2844/2016, articles 15 - 19. The administrators are also responsible for such internal control as they deem necessary to enable the preparation and presentation of the Administrator's Report that is free from material misstatement due to fraud or error.

7. The other information comprises the Administrator's Report, including the non-financial statement, but does not include the financial statements and our auditor's report thereon.

8. Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

9. In connection with our audit of the consolidated financial statements for the financial year ended December 31, 2023, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

inconsistent with the financial statements, or with our knowledge obtained in the audit or otherwise appears to be materially misstated.

10. With respect to the Administrator's Report, we have read it and report if this has been prepared, in all material respects, in accordance with the OMPF 2844/2016, articles 15 - 19.

11. Based exclusively on the activities that should be performed during the audit of the financial statements, in our opinion:

a) Information presented in the Administrators' Report for the financial year for which the financial statements have been prepared, is consistent, in all material respects, with these financial statements;

b) The Administrators' Report has been prepared, in all material respects, in accordance with articles 15 - 19 of the OMPF 2844/2016.

Moreover, based on our knowledge and understanding of the Group and its environment gained during the audit of financial statements for the year ended December 31, 2023, we are required to report whether we identified any information included into Administrators' Report that appears to be materially misstated. We have nothing to report in this regard.

Responsibilities of Management and of the persons responsible for Governance for the Financial Statements

12. The Management is responsible for the preparation and fair presentation of these financial statements in accordance with OMPF 2844/2016, and for such internal controls as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the financial statements, the Management is responsible for assessing the Group'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 the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

14. The persons responsible for governance are responsible for supervising the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Financial Statements

15. 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 decision of users taken on the basis of these financial statements.

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16. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatements 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 controls.
 - 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 Group's internal controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
 - Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Group'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 Group 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.
17. We communicate to the persons responsible for corporate 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.
18. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
19. From the matters communicated to those charged with governance, we determine those matters of greatest significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in
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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.

Report on other legal and regulatory requirements

20. We were appointed by the General Assembly of Shareholder by decision dated 27 April 2023 to audit the financial statements of SOCEP S.A for the financial year ended on December 31, 2023. The uninterrupted total duration of our engagement is of 1 year, covering the financial year ended on December 31, 2023.
21. We confirm that, in conducting our audit, we maintained our independence from the audited entity. We have not provided prohibited non-audit services to the Group, mentioned in article 5 paragraph (1) of the EU Regulation No. 537/2014.

Report on compliance with Delegated Regulation (EU) 2018/815 of the Commission ("Regulatory Technical Standard on the Single European Electronic Reporting Format" or "ESEF")

22. We have performed a reasonable assurance mission on the conformity of the consolidated financial statements of SOCEP S.A. ("The Group") included in the annual financial report presented in the digital file identified by the code 485100008WXQOOP8X141-2023-12-31-en ("the digital file") with Delegated Regulation (EU) 2018/815 of the Commission regarding the Single European Electronic Reporting Format ("ESEF Regulation").

Responsibilities of management and persons responsible for governance for digital files prepared in accordance with ESEF

23. The Group's management is responsible for the preparation of digital files in accordance with ESEF. This responsibility includes:
 - designing, implementing and maintaining the relevant internal control for the application of ESEF;
 - selecting and applying the corresponding iXBRL tags;
 - ensuring compliance between the digital files and the consolidated financial statements that will be published in accordance with OMFP 2844/2016 with subsequent amendments.

Auditor's Responsibilities

24. We have the responsibility to express a conclusion regarding the extent to which the consolidated financial statements included in the annual financial report are in accordance with ESEF, in all material respects, based on the evidence obtained. Our audit was conducted in accordance with the applicable International Standard on Assurance Engagements 3000 on "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" ("ISAE 3000").
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25. A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence regarding compliance with the ESEF. The nature, timing and extent of the selected procedures depend on the auditor's judgment, including the assessment of the risk of significant deviations from the provisions provided by ESEF, caused either by fraud or error. A reasonable assurance engagement includes:

- Obtaining an understanding of the process of preparing digital files in accordance with ESEF and the relevant internal controls;
- Reconciliation of the consolidated financial statements in ESEF format with the audited financial statements of the Group that will be published in accordance with Order no. 2844/ 2016 with subsequent amendments;
- Assessing whether the consolidated financial statements that are included in the annual financial report are drawn up in a valid XHTML format;
- Evaluation of compliance with the requirements regarding the marking of information defined by the ESEF Regulation.

We consider that the evidence we obtained is sufficient and adequate to form the basis for our conclusion.

Conclusion

26. In our opinion, the electronic format of the consolidated financial statements of the Group for the financial year ended on December 31, 2023 included in the annual financial report and presented in the digital file is drawn up, under all significant aspects, in accordance with the ESEF Regulation.

Bucharest, 25 March 2024

**For signature, please refer to the
original Romanian version**

Christodoulos Seferis

Registered in the Public Electronic Register ASPAAS under No. AF1585

For and on behalf of **TGS Romania Assurance and Advisory Business Services SRL**

Registered in the Public Electronic Register ASPAAS under No. FA91
