CONTENT OF YEARLY REPORT

According to A.S.F. Regulation No.5/2018

For the financial year 2020

G.O.M.on APRIL 27TH, 2021

CHAPTER I YEARLY REPORT
Complying to A.S.F. REGULATION NO.5/2018
FOR 2020

NAME OF SHARES ISSUER	: SOCEP SA
REGISTERED OFFICE	: CONSTANŢA, 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	: 35,399,149 lei split in 353,991,490 registered dematerialized shares with a nominal value of 0.10 lei/share

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) MERGERS, SUBSIDIARIES, and REORGANIZATIONS: In 2012, SOCEP S.A. founded as sole shareholder the limited liability company - SOCEFIN S.R.L. Constanța, having as main business (CAEN) NACE code „6420" – "activities of the holdings" and a share capital in an amount of 30,000,000 lei.

On 01.06.2020, the EGMS of SOCEP S.A., by Decision no.64, approved the merger by absorption of Casa de Expeditii Phoenix SA. The merger was completed in May 2020, by signing the Protocol for handling over the asset of the absorbed company.

d) PURCHASE OR SALE OF ASSETS: In the last three years, the company purchased or sold assets, as listed below:

Lei

Year	*Purchases*	*Sales/disposals*
2018	*1.747.736*	*1.098.662*
2019	*274.604*	*189.900*
2020	*17.140.612*	*721.088*

In 2020 the value of tangible assets increased with 17,140,612 lei, as below listed:

- ADMINISTRATIVE OFFICES – 29,733 lei;
- ADMINISTRATIVE OFFICES PORT VECHI – 6,432 lei
- CONTAINER TERMINAL -8,724 lei;
- BULK AND GENERAL CARGO TERMINAL – 17,095,723 lei;

Tangible assets in the amount of 721,088 lei were disposed of, by scrapping/sale.

During 2020, the company commissioning Portal crane with a maximum lifting capacity of 84 tons, with a value of Euro 2,672,000.

During the year 2019 the company concluded and signed contracts to realize in Constanta Port a modern Phase I cereal investment, with a capacity of 50,000 to. The expected deadline for the reception is the end of 2021.

1.1.1. ELEMENTS FOR OVERALL ASSESSMENT

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

No.	Elements	Unit	2018	2019	2020
1.	Share capital	lei	34,342,574	34,342,574	35,399,149
2,	Port traffic (containers not included)	mii to	1,895*	1,901	1,766
3.	Number of containers	mii	81	84	64
4.	TEU-s (containers)	mii	137	142	101
5.	% (percentage) of gained market	%	≈ 5	≈ 5	≈ 5
6.	Average number of employees	pers.	396	379	388
7.	Turnover	lei	74,678,818	76,921,205	66,439,712
8.	Total income	lei	78,503,999	90,672,264	71,003,280
9.	Total expenses	lei	63,954,577	69,223,303	68,396,481
10.	Gross Profit	lei	14,549,422	21,448,961	2,606,799
11.	Cash and cash equivalent	lei	44,316,871	41,966,630	9,386,706

***** in the previous annual report the value of the port traffic reported was 2,593 thousand to; starting with 2019 a new calculation methodology was used, the comparable value being the one presented.

Achieved port traffic during 2020 has recorded a decrease of 9,73%, due to the reduction of goods volumes, as a result of the Covid 19 pandemic.

1.1.2. 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 Constanţa Port and Constanţa Sud Agigea Port.

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

SERVICES	2018		2019		2020	
	Lei	%	Lei	%	Lei	%
1. Handling	60,602,969	81.15	62,407,522	81.13	56,664,998	85.29%
2. Storage	13,493,577	18.07	13,373,251	17.39	9,138,814	13.75%
3. Other services	582,272	0.78	1,140,432	1.48	635,900	0.96%
TOTAL	**74,678,817**	**100**	**76,921,205**	**100**	**66,439,712**	**100%**

Changes in cargo traffic through Constanţa 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 5%.

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

We have to point out that this year – 2019, the grain silo project will begin. Execution and implementation of this project will take two years, meaning 2019-2021.

1.1.3. 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 Constanţa 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.

1.1.4. ASSESMENT OF SALES

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

For the time being, within Constanţa Port the most significant competitors are CHIMPEX S.A., UMEX S.A. and Constanţa South Container Terminal. Our market share is 5% from the volume of cargo handled through Port of Constanţa.

1.1.5. 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.

In the last three years, evolution of the most important categories of employees was:

Category / occupation	2018	2019	2020
1. Dockers, equipment operators	192	181	187
2. Berth operators, warehouse administrators	76	76	82
3. Auxiliary and maintenance personnel	73	66	61
4. Company Management, administrative staff	55	56	61
TOTAL:	**396**	**379**	**391**

The number of employees is directly influenced by the port traffic/volume evolution and structure.

1.1.6. 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.

1.1.7. RESEARCH AND DEVELOPMENT ACTIVITY

Due to the specific activity of the company, no expenditures for research and development have been made in financial year 2020. In 2021 such costs are not expected.

1.1.8. RISK MANAGEMENT ACTIVITY

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

a) credit risk;

b) liquidity risk;
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 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.

The maximum exposure to credit risk was as follows:

			Lei
	12/31/2018	**12/31/2019**	**12/31/2020**
Customers and other receivables	15,205,514	17,426,955	21,107,844
Cash and cash equivalents	44,316,871	41,966,630	9,398,706
Total	**59,522,385**	**59,393,585**	**30,506,550**

b) Liquidity risk

Liquidity risk is the risk that the company can encounter from fulfiling 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.

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issuance contract no. 209763/05.10.2015). As at 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

c) 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.

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

Fluctuating trends in port trafic and turnover figures over the last three years will also occur in 2021. 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.

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 330 thousand sqm from the public sector of the harbour.

Buildings have following purposes and areas:

- offices ..... 5.000 sqm, out of which owned by SOCEP …….. . 5.000 sqm
- warehouses for cargo storage ……. 71.000 sqm, out of which owned by SOCEP …….. 42.000 sqm
- platforms - cargo storage …….. 212.000 sqm, out of which owned by SOCEP …….. 125.000 sqm
- repair workshop ……..... 2.200 sqm, out of which owned by SOCEP ..... 2.200 sqm
- technological platforms ……..... 45.500 sqm, out of which owned by SOCEP ……. 0 (zero) sqm

Buildings which are not SOCEP S.A property, are in fact rented from Port Authority until 2050.

Port operation equipment includes: shore cranes, mobile cranes, forklifts, tractors, gantry cranes, specific equipment for operation of mineral bulk cargo.

The fleet of equipment and machineries is entirely SOCEP property.

Average wear level of tangible assets, by groups of assets, at 12/31/2020, is the following:

- buildings : ≈ 8%
- port equipment and machineries : ≈ 55%.

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 353,399,149 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.

During 2020 dividends were distributed in the amount of 4,497,431.11 lei (by DEPOZITARUL CENTRAL).

SOCEP has no intention in 2021 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 06/11/2018, the Supervisory Board has 3 members according to OGMS Decision dd. 04/26/2018. The structure of Supervisory board is the following:

- DUŞU NICULAE - President, age 65 years, economist, over 25 years experience in leading positions, owning 12,746,697 SOCEP shares;
- DUŞU ION - Vice-president, age 63 years, engineer, over 25 years experience in leading positions, owning 7,566,491 SOCEP shares;
- SAMARA STERE - Vice-president, age 69 years, economist, over 25 years experience in leading positions, owning 39,798,742 SOCEP shares.

The Executive Board has 5 members. Membership of the Executive Board during 2020 was the following:

- 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.
- Stefanescu Niculaie - 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 12/31/2020 are enclosed. They have been prepared in accordance to International Financial Reporting Standards (IFRS) as endorsed by European Union. Reports have been audited by JPA AUDIT&CONSULTANȚĂ SRL, legally represented by Mr. Toma Florin, according to attached report.

a) Financial position statement: Lei

	2018	2019	2020
TOTAL ASSETS **Out of which:**	**198,724,9613**	**355.611.114**	**406.211.670**
- fixed assets	137,335,317	294,731,196	374,582,942
- stocks	863,563	1,306,149	914,175
- customers and other receivables	15,137,516	15,946,258	19,992,312
- receivables regarding profit tax	832,747	1,480,697	1,115,533
- prepaid expenses	170,948	180,184	208,004
- cash and cash equivalent	44,384,869	41,966,630	9,398,706
TOTAL EQUITY AND LIABILITIES **Out of which**	**198,724,961**	**355,611,114**	**406,211,670**
- equity	160,318,461	173,978,931	188,320,925
- suppliers and other payables	8,470,703	6,008,078	9,521,812
- liabilities of leases of a right-of-use asset	0	153,793,525	158,509,634
- deferred income tax liabilities and current income tax	6,063,938	3,782,811	6,369,311
- long term bank loans (including interest)	23,331,057	17,144,765	43,012,076
- provisions	518,323	869,175	452,324
- deferred revenues	22,479	33,829	25,588

b) Profit & Loss Account

Lei

	2018	2019	2020
Turnover	74,678,818	76,921,205	66,439,712
Total Income	78,503,999	90,672,264	71,003,280
Total Expenditure	63,954,577	69,223,303	68,396,481
Gross profit	14,549,422	21,448,961	2,606,799

Assets with a share of minimum 10% from the total value of assets are the buildings (12.16%), technical equipment and machinery (13.73%) and the assets related to the right of use (37.12%). The Expenditure elements with a share of minimum 15% from the total net sales value (turnover) are the employee benefits expense (41.55%), and the amortization expense (21.92%).

c) Cash flows

Lei

Element name	12/31/2018	12/31/2019	12/31/2020
CASH FLOWS FROM PORT OPERATION BUSINESS			
Receipts from customers	76,793,374	86,856,658	69.975.952
Payments to suppliers and employees	-54,872,946	-51,891,543	-44.361.972
Paid interests	-	-	-
VAT and other taxes (income tax excluded)	-3,894,633	-6,145,346	-3.593.568
Paid income tax	-1,539,557	-3,186,457	-146.191
Other receipts	3,736,470	5,629,632	2.432.728
Other payments	-1,027,107	-5,952,140	-1.201.220
I. NET CASH FROM PORT OPERATION BUSINESS	**19,195,601**	**25,310.804**	**23.105.729**
CASH FLOWS FROM INVESTMENTS			
Payments for intangible assets acquisition	-1,742	0	-
Payments for tangible assets acquisition	-2,770,908	-28,585,386	-74,324,042
Payments for shares acquisition	0	-110	0
Payments for acquisition of own share from merger	0	0	-4,084,532
Receipts from changes in the value of equity instruments	23,919	0	0
Receipts from tangible assets sale	720,176	424,759	0
Cash receipts during from merger			1,596,391
Interest receipts	222,306	317,794	109,425
Receipts from dividends	100,158	10,580,358	39,909
II. NET CASH FROM INVESTMENTS	**-1,706,091**	**-17,262,585**	**-76,662,852**
CASH FLOWS FROM FINANCING			
Receipts form long-term loans		-	47,122,463
Reimbursements of long-term loans	-6,163,242	-10,377,082	-21,483,061
Interest paid on the loan	-862,718	-776,570	-260,095
Paid dividends	-4,184,723		-3,897,466
III. NET CASH FROM FINANCING	**-11,210,682**	**-11,153,652**	**21,481,841**
IV. NET INCREASE OF CASH AND CASH EQUIVALENT (I + II + III)	**6,278,828**	**-3,105,433**	**-32,075,282**
V. VARIANCE FREQUENCY OF CURRENCY EXCHANGE RATE	**355,601**	**755,192**	**-492,641**
VI. CASH AND CASH EQUIVALENT AT THE BEGINNING OF FINANCIAL YEAR	**37,682,443**	**44,316,871**	**41,996,630**
VII. CASH AND CASH EQUIVALENT AT 31.12.	**44,316,871**	**41,966,630**	**9,398,706**

I.6 FINANCIAL AND ECONOMIC INDICATORS

	INDICATORS	CALCULATION PROCEDURE	RESULTS	
			2019	2020
1.	Current liquidity	Current assets/Current debts	3. 47	1.63
2.	Indebtedness degree	Borrowed capital / Equity x 100	94.32	105.27
		Borrowed capital / Committed capital x 100	48.54	51.28
3.	Rotation speed of customers debts	Average balance of customers / Turnover x 360	70.89	86.02
4.	Rotation speed of fixed assets	Turnover/Fixed assets	0.26	0.18

I.7 CHANGES AFFECTING COMPANY CAPITAL AND MANAGING PROCESS

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

7.2. Compared to 12/31/2019, the structure of most significant shareholders or groups of shareholder as at 12/31/2020 is as follows:

	SHAREHOLDERS (GROUPS)		12/31/2019	12/31/2020
1.	GRUPUL DD SA CONSTANȚA	%	32.3737	55.3146
2.	CELCO SA	%	24.6427	0
3.	SAMARA STERE	%	11.5887	11.2429
4.	DUȘU NICULAE	%	2.5935	3.6008
5.	DUȘU ION	%	1.0851	2.1375
6.	PERSOANE FIZICE	%	20.9791	19.5366
7.	PERSOANE JURIDICE	%	6.7372	8.1676
	TOTAL	%	100.0000	100.0000

GENERAL MANAGER FINANCIAL MANAGER,

DORINEL CAZACU 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 2020 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 12/31/2020 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,	FINANCIAL MANAGER,
DORINEL CAZACU	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 05/18/2016 and amended in the Extraordinary General Meeting of Shareholders on 06/11/2018 and complying with OGMS Decision dd. 04/26/2018, the Supervisory Board consists of three members.

During 2020, 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.
- Niculaie Stefanescu - 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 2020

In 2019, 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 2020, 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 2020, the Supervisory Board was convened 20 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 2020:

- Approval of the financial calendar to be submitted to BSE (BVB) and FSA (ASF);
- Approval of BVC for 2021;
- 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 equiment outside the investment program;
- Took note of the commercial strategy and policies and supervised their implementation;
- Paid attention to the development of the relationship with the important clients – those with whom SOCEP SA realizes important percentages of the turnover – in oreder to ensure the stability of the company’s revenues;
- Indicated guidelines on new opportunities and business lines;

- Approved the contracting of loans necessary to finance the investment Cereal modern terminal;
- Ensured the consistency of HR strategy and policies and ensured the social climate and a safe working environment;

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 2018 Supervisory Board had 31 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 company must upload on its website the remuneration policy and shall include in the annual report a statement with reference to remuneration policy implementation for the year covered by the analysis.		**NO**
There is no remuneration policy. The company will implement such a policy in order to comply with the BSE (BVB) Code.			
C1	Remuneration policy should be formulated so that to allow to the shareholders to understand principles and arguments which constitutes the basis of Board members and General Manager wages and also of Executive Board members wages within the dual system. This policy should describe management of remuneration process and decision making, should detail the components of executive management remuneration (such as salaries, annual bonuses, long-term incentives related to value of shares, benefits in kind, retirement funds and others) and also should include the purpose, principles and presumptions underlying each component (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy must specify duration of the Executive Director contract and of pre-notice period stipulated in that contract, and possible compensation for unjust dismissal.		**NO**
There is no remuneration policy. Until now such remuneration of the Board members was established with GMS (AGA) resolution, and the remuneration of Executive Board members with Supervisory Board decision.			
C1	The report on remuneration must present implementation of remuneration policy for persons identified in this policy during the year covered by the analysis.		**NO**
There is no remuneration policy implemented, company is to draw it up.			
C1	Any essential change in the remuneration policy must be uploaded on company website, in due time.		**NO**
There is no remuneration policy implemented, company is to elaborate it.			
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.		**NO**
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**	
We are going to take necessary steps in order to comply with BSE (BVB) Code.			

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 2020. In 2021 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
	12/31/2019	**12/31/2020**
Customers and other receivables	17,426,955	21,107,844
Cash and cash equivalents	41,966,630	9,398,706
Total	**59,393,585**	**30,506,550**

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 12/31/2020, the company had cash and cash equivalents amounting to 9,398,706 lei.

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

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issue contract no. 209763/05.10.2015). In February of this year, the currency of the credit was converted from lei to euro. As at 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

The company liabilities on 12/31/2020, amounting to 217,412,832 lei, have the following maturities:

= in lei =

	Value	**Maturity of 12 months or less**
Suppliers and other liabilities	15,891,123	9,513,553
Bank loans (including interest)	43,012,076	5,314,650
Liabilities of leases of a right-of-use asset	158.509.634	4,425,973
Total	**217,412,832**	**19,254,176**

c) 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, to cash and cash equivalents in foreign currency. The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. The amount of 32,152,074.80 lei has been withdrawn and used till now. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issue contract no. 209763/05.10.2015). On 12/31/20, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

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:

	12/31/2019		**12/31/2020**	
Financial assets	**Euro**	**USD**	**Euro**	**USD**
Customers	211,490	46,847	280,302	147,700
Cash and cash equivalents	3,731,768	2,270,255	425,901	470,122
Total financial assets	**3,943,258**	**2,317,102**	**706,203**	**617,822**
Financial liabilities				
Loans	0	0	8,829,011	0
Suppliers	14,715	0	0	0
Total financial liabilities	**14,715**	**0**	**8,829,011**	**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 has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. The amount of 32,152,074.80 lei has been withdrawn and used till now. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issue contract no. 209763/05.10.2015). Until 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

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 has contracted a bank loan amounting to 35,090,000 lei on 05.10.2015 from BRD. The amount of 32,152,074.80 lei has been withdrawn and used till now. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issue contract no. 209763/05.10.2015). Until 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

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 available for sale (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

	12/31/2019	**12/31/2020**
ROCOMBI S.A. shares	116.473	68.736
ROFERSPED S.A. shares	222.089	231.822
TOTAL	338,562	300,5558

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

lei

	12/31/2019	**12/31/2020**
ELECTRICA SA shares	70,482	83,056

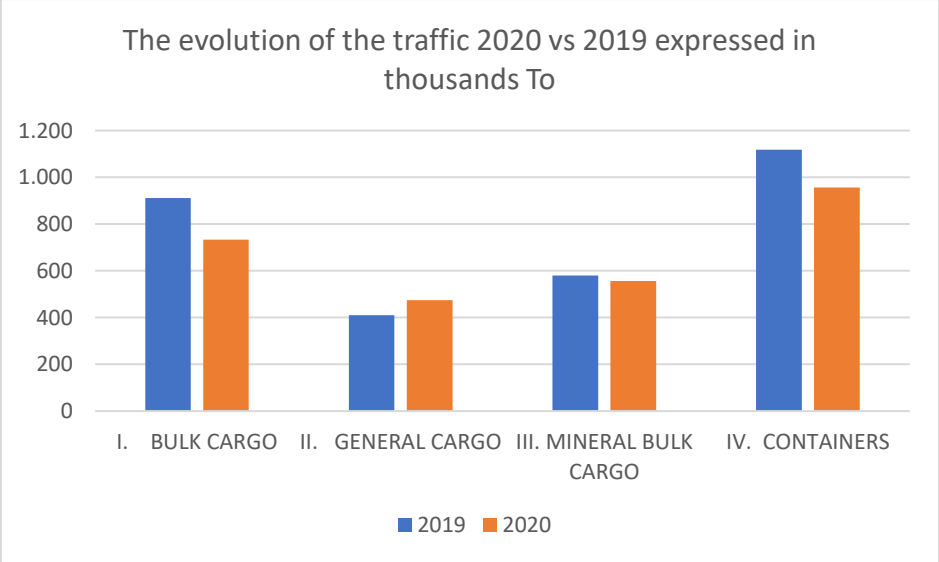
This is a synthesis of SOCEP S.A. economic and financial results as at 12/31/2020:

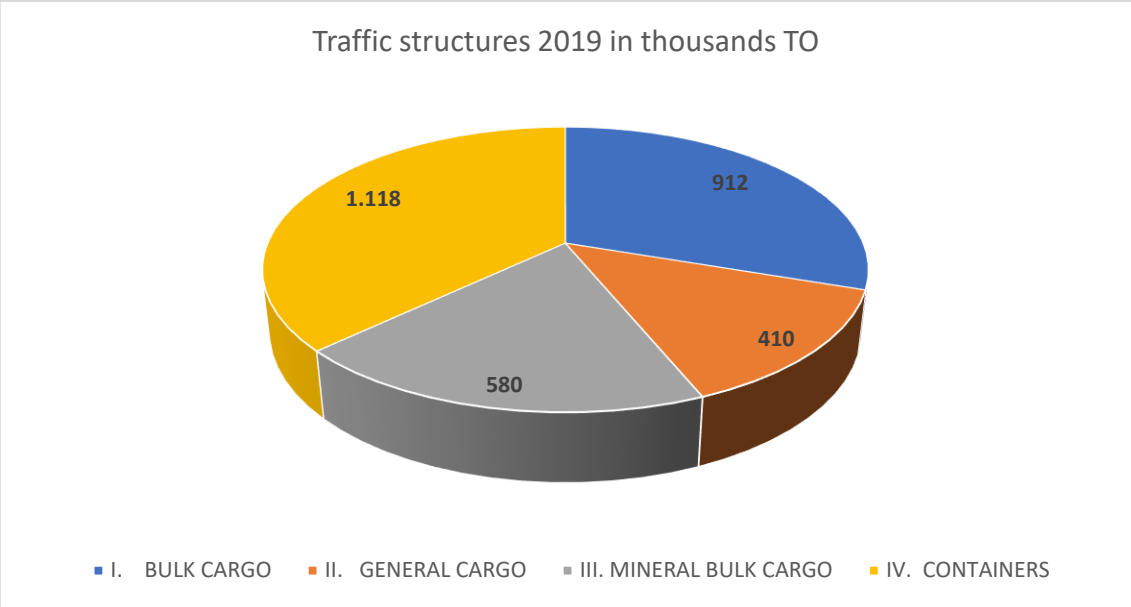
I. PHYSICAL INDICATORS

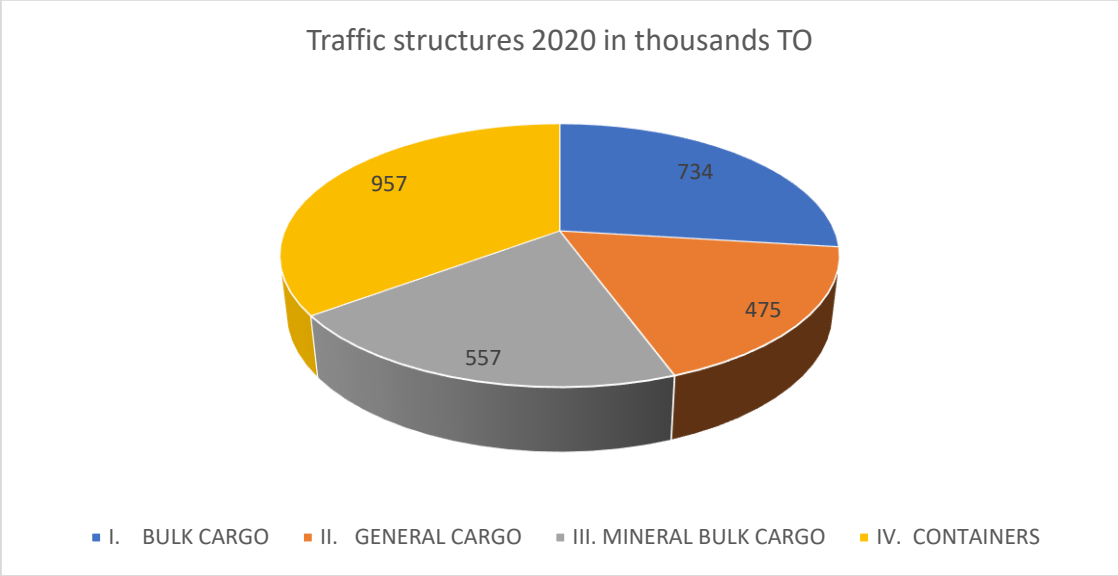
INDICATORS	U.M.	Achieved 12/31/2019	12/31/2020			% 2019/2018
			Program	Achieved	%	
1. Port traffic	1000 tons	3,020	3,087	2,723	88.21%	90.17%
2. Cargo handling	"	4,286	4,380	3,902	89.09%	91.04%
3. Average number of employees	persons	379	390	388	99.49%	102.37%
4. Mechanization level	%	91.4	91.00	89.9	98.79%	98.36%
5. Technical usage rate	%	30.9	30.00	28.8	96.00%	93.20%

The structure of the traffic achieved on types of cargo compared with to the same period of the year 2019 is as follows:

CARGO TYPES	2019	2020	+/-	%
	- x 1000 to -			
I. BULK CARGO, total o/w:	912	734	-178	114.8
1.1. Chemicals	98	194	96	197.96
1.2. Grain	647	517	-130	79.91
1.3. Other cargo	167	23	-144	13.77
II. GENERAL CARGO, total o/w:	410	475	65	115.85
2.1. Laminated	358	371	13	103.63
2.2. Chemicals	14	2	-12	14.29
2.3. Other cargo	38	102	64	268.42
GENERAL CARGO SECTION TOTAL	**1,322**	**1.209**	**-184**	91.45
III. MINERAL BULK CARGO	**580**	557	-23	96.03
IV. CONTAINERS	**1,118**	957	-161	85.60
TOTAL SOCEP TRAFFIC	**3,020**	**2.723**	**-297**	**90.17**
V. NUMBER OF CONTAINERS	83,545	65.205	-18.340	78.05
VI. CONTAINER TEU-s	141,495	101.271	-40.224	71.57







Structure of achieved traffic split by cargo types

Port traffic in 2020 recorded a decrease of 9.73%. This decrease was influenced by the decreasing trend of bulk goods by 19.52%, (even if in this category chemical bulk goods increased by 97.96%), of mineral products by 3.97%, as well as of containers, which suffered a decrease of 14.40%. Although general goods increased by 15.85%, they could not reverse the downward trend in traffic.

The containers have recorded a decrease since the previous year, in terms of number of TEU-s respectively 28,43%, and the operated containers number decreased by 78.05%.

The technical condition and the usage level of the machinery park per groups compared with last year are as follows:

	T.C.C.		T.U.C.	
	2019	**2020**	**2019**	**2020**
1. Tractors	99.6	100.0	3.3	3.0
2. Container transport tractors	85.1	83.3	37.6	35.0
3. Loaders	90.6	90.3	33.2	28.5
4. Forklifts for containers	94.0	85.5	56.0	46.6
5. Forklifts for general cargo	93.3	90.7	19.7	22.2
6. Motor cranes	90.0	100.0	6.3	12.0
7. Quay cranes	95.4	95.3	17.7	21.0
8. Gantry cranes for containers	89.8	92.5	49.2	31.9
9. RTG	93.8	98.4	60.0	47.7
TOTAL	**91.4**	**89.9**	**30.9**	**28.8**

Technical condition coefficient (TCC) has a lower value compared to that of last year: 89.90% in 2020 relative to 91.4% in 2019.

Time usage coefficient (TUC) recorded a slight decrease compared to the year 2019, meaning a value of 28.8% in 2018 compared to 30.9%.

II. FINANCIAL AND EFFICIENCY INDICATORS

The statement of financial and efficiency indicators compared to the same period of 2017 are as follows:

	UM	ACHIEVED IN 2019	2020		%	
			PROGRAM	ACHIEVED	ACHIEVED/ PROGR. 2019	2020/ 2019
Income (turnover)	lei	76,921,205	82,332,596	66,439,712	80.70%	86.37%
Other income	lei	833,585	1,897,120	1,545,193	81.45%	185.37%
Raw materials and consumables	lei	-8,211,193	-7,034,152	-7,808,818	111.01%	95.10%
Cost of sold cargo	lei	-135,711	-35,000	-33,543	0.00%	24.72%
Services provided by third parties	lei	-10,367,894	-10,170,596	-9,905,936	97.40%	95.54%
Employee benefit expenses	lei	-26,615,098	-27,887,286	-27,605,736	98.99%	103.72%
Impairment and amortization expenses	lei	-14,551,498	-14,808,786	-14,563,234	98.34%	100.08%
Other expenses	lei	-1,986,877	-1,238,800	-1,831,167	147.82%	92.16%
Other income/loss from operation - net	lei	-14,664	1,550,000	1,398,985	90.26%	-9540.27%
Financial income	lei	300,551	1,500,000	1,523,092	101.54%	506.77%
Financial expenses	lei	-6,024,768	-1,917,500	-6,591,655	343.76%	109.41%
Other financial gains/losses - net	lei	11,301,323	100,000	39,906	39.91%	0.35%
Profit before tax	**lei**	**21,448,961**	**24,287,596**	**2,606,799**	**10.73%**	**12.15%**
Income tax expense	lei	-1,462,359	-1,913,464	-148,005	7.73%	10.12%
Net profit for the year	lei	19,986,602	22,374,132	2,458,794	10.99%	12.30%
Profit rate	%	27,88%	29,50%	3,92%	13.30%	14.07%

Work productivity	lei/person	202,958	211,109	171,236	81.11%	84.37%

The turnover achieved a rate of 80.70% over budget and a rate of 86,37% compared to 2019.

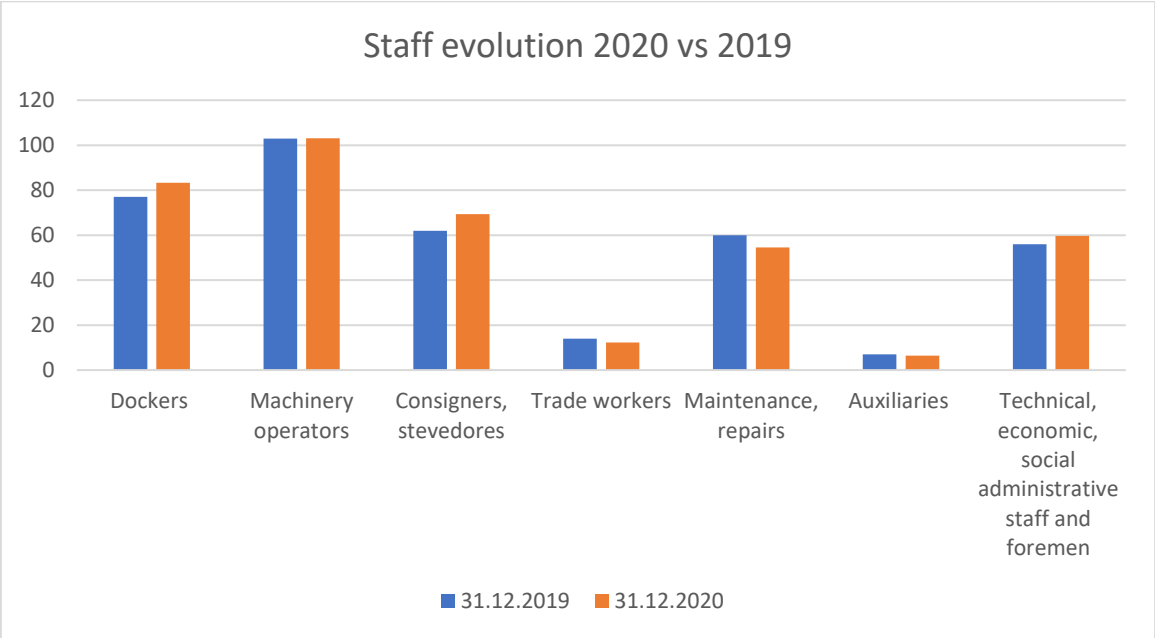
The gross financial income has been achieved at a rate of 10.73% over budget and at a rate of 12.15% compared to 2019.

III. HUMAN RESOURCES AND WAGE SCALE

On 12/31/2020 the structure of employees, average basic wage and gross average wage were as follows:

Lei

	Average no.			**Gross average wage**		
	2019	**2020**	**%**	**2019**	**2020**	**%**
Dockers	77	83	108.21	4.717	4.869	103.23
Machinery operators	103	103	100.06	5.709	5.841	102.32
Consigners, stevedores	62	69	111.94	4.836	4.988	103.14
Trade workers	14	12	87.79	3.698	3.698	100.00
Maintenance, repairs	60	55	90.92	4.483	5.034	112.30
Auxiliaries	7	6	91.14	2.945	2.945	100.00
Technical, economic, social administrative staff and foremen	56	60	106.61	5.064	5.558	109.75
TOTAL	**379**	**388**	**102.30**	**4.954**	**5.208**	**105.13**



The number of staff, compared to the same period of the previous year, increased, with an average number of 9 employees, representing 2.37%. The factor that determined this evolution was the takeover of staff during the merger.

The average gross income was largely influenced by the salary increase, registering an increase of the total average by 254 lei, ie 5.13%

IV. REPAIRS AND INVESTMENTS

The repair and investment program were performed as follows:

Lei

EXPLANATIONS	ACHIEVED 2019	2020			% 2020/ 2019
		PROGRAM	ACHIEVED	%	
I. TOTAL REPAIRS	**4,995,200**	**4,888,540**	**4,569,427**	**93.47**	**91.48**
1.1 Machinery	3,707,868	3,839,540	3,809,789	99.23	102.75
1.2. Constructions	1,287,332	1,049,000	759,638	72.42	59.01
II. TOTAL INVESTMENTS	**17,204,794**	**90,763,344**	**67,751,848**	**74.65**	**393.80**
2.1. Tangible assets	17,203,192	90,705,299	67,748,266	74.69	393.81
2.2. Intangible assets	1,602	58,045	3,582	6.17	223.60
2.3. Financial assets	0		0	**0.00**	**0.00**
III. INVESTMENTS COMMISSIONED	**276,206**	**22,744,044**	**17,120,927**	**75.28**	**6,198.61**
3.1. Tangible assets	274,604	22,685,999	17,117,345	75.45	6,233.47
3.2. Intangible assets	1,602	58,045	3,582	6.17	223.60

For 2020, the maintenance and repair plan for machinery category was achieved up to 93.47%. Achieving the planned 93.47% led to the use of machinery to optimal production capacity.

The maintenance and repair plan for buildings category was achieved up to 72.42%.

Overall, the maintenance and repair plan for 2020 was achieved at a rate of 93.47%.

For 2020, an investment program worth 18,764,000 Euro has been projected. Due to the freight traffic evolution and because of the need to adapt to different types of cargo handled during 2020, this investment plan has undergone several changes and adjustments in accordance with the aspects above.

V. SOCIAL-CULTURAL EXPENSES, SPONSORSHIP, PROTOCOL, ADVERTISING AND PUBLICITY

The following expenses were made during 2020:

Lei

	Amount deductible for tax purposes	Expenses incurred
1. Social-cultural expenses	711,930	724,913
2. Sponsorship expenses	561,800	13,000
3. Donations expenses	0	9,605
4. Protocol expenses	58,690	57,064
5. Advertising and publicity expenses	88,094	37,197

These funds were set up and used in accordance with the legal provisions and they have been documented and approved by the company management.

VI. TAX OBLIGATIONS AND OTHER DEBTS

As at 12/31/2020, all tax liabilities regarding corporate tax, income tax, local taxes and duties and liabilities to the state social insurance and health budget, contributions to the unemployment fund and special funds were correctly determined and were fully paid in within the legal terms.

As at 12/31/2020 there are no outstanding debts registered with banks, suppliers and other creditors.

VII. PROFIT AND INCOME TAX SITUATION

On 12/31/2020 the situation is as follows:

= in lei =

	12/31/2020
Profit before tax	2.183.229
Deductions – reserve fund	-130.340
Non-taxable income	-2.638.723
Non-deductible expenses	2.640.595
Items similar to income	2.270.935
Taxable profit	4.325.696
Income tax determined with 16%	692.112
Sponsorships of the current year	-13.000
Sponsorships of the previous year	-104.175
Profit reinvestment deduction	-8.948
Fiscal facility	-83.261
Total current income tax	482.728

The difference between taxable profit and profit before tax is justified by the following elements:

a) Nondeductible amounts:

= in lei =

EXPLANATIONS	12/31/2020
Fuel expenses	37.752
Maintenance and repair expenses	22.106
Insurance premiums expenses	8.564
Protocol expenses	28.895
Third party services expenses	66.648
Charges for transport means	820
VAT for non-deductible expenses	14.682
Loss from receivables and revaluations of tangible assets	0
Damages, fines, penalties	6.367
Sponsorships	13.000
Donations	9.605
Provisions	1.272.829
Non-deductible accounting depreciation	-13.823
Loss from fair value assessment	219,823
Non-deductible expenses related to non-taxable income	897
Income tax expenses	952,431
TOTAL	**2,640,596**

b) Non-taxable amounts:

= in lei =

EXPLANATIONS	12/31/2020
Income from equity stakes	39,906
Income from fair value gains on investment property	535,115
Income from provisions	892,023
Income from adjustments of current activity	642,818
Deferred income tax income	528,861
TOTAL	**2,638,723**

c) Items similar to income

– 2,270,935 lei – amortization for realized revaluation reserves

Income tax expense

On 12/31/2020, this expense category is as follows:

= in lei =

	12/31/2020
Current income tax expense	482,728
Deferred income tax expense	203,086
Deferred income tax revenues	-537,809
Income tax expense	**148,005**

Net profit to be distributed

	= in lei =
Profit before tax	2,941,522
Income tax expense	-482,728
Net profit to be distributed	2,458,794

Net profit is proposed for distribution, taking into account the legal provisions, on the following destinations:

= in lei =

Destination	Amount
Net profit to be distributed	2,458,794
- legal reserves	-130,340
- reinvested profit reserve	-55,924
- undistributed profit	2,272,530

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 JPA AUDIT & CONSULTANȚĂ duly represented by Mr. Florin Toma.

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 Niculae - Chairman, Dușu Ion - Vice President, Samara Stere – Vice President. The Executive Board consists of 5 members.

During 2020, componence of the Executive Board underwent the following changes:

- 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.
- Stefanescu Niculaie - 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 CONSTANŢA 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 CONSTANŢA (mother-company) and SOCEFIN SRL CONSTANŢA (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 35,399,149 lei, divided into 353,991,490 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 2020 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 12/31/2019 and 12/31/2020 the net result of the two business segments had the following values:

Indicators	12/31/2018			12/31/2019		
	Port operation activity	Holding activity	TOTAL	Port operation activity	Holding activity	TOTAL
Income	80,881,875	2,023,869	82,905,744	73,075,930	3,052,002	76,127,932
Expense	71,372,415	59,371	71,431,786	70,617,136	46,946	70,664.082
Net result	**9,509,460**	**1,964,498**	**11,473,958**	**2,458,794**	**3,005,055**	**5,463,850**

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

	12/31/2019			12/31/2020		
	Port operation activity	Holding activity	TOTAL	Port operation activity	Holding activity	TOTAL
ASSETS						
Tangible assets	101,198,145	0	101,198,145	180,977,705	0	180,977,705
Real estate investments	3,201,307	0	3,201,307	3,143,598	0	3,143,598
Intangible assets	62,827	0	62,827	2,038,439	0	2,038,439
Right-of-use asset	149,407,224	0	149,407,224	150,788,747	0	150,788,747
Financial assets available for sale	409,044	34,082,544	34,491,588	383,614	33,866,046	34,249,660
Investments in associates	0	0	0	0	0	0
Other long term investments	7,054,697	0	7,054,697	780,587	0	780,587
TOTAL NON-CURRENT ASSETS	**261,333,244**	**34,082,544**	**295,415,788**	**338,112,690**	**33,866,046**	**371,978,735**
Stocks	1,306,149	0	1,306,149	914,175	0	914,175
Clients and other receivables	15,946,258	28,557	15,974,815	19,992,312	25,916	20,018,228
Income tax	1,480,697	-9,336	1,471,361	1,115,533	0	1,115,533
Accrued charges	180,184	0	180,184	208,004	0	208,004
Cash and cash equivalents	41,966,630	12,617,581	54,584,211	9,398,706	11,012,094	20,410,800
TOTAL CURRENT ASSETS	**60,879,918**	**12,636,802**	**73,516,720**	**31,628,729**	**11,038,010**	**42,666,739**
TOTAL ASSETS	**322,213,162**	**46,719,346**	**368,932,508**	**369,741,418**	**44,904,056**	**414,645,474**
NONCURRENT LIABILITIES						
Deferred tax liabilities	3,782,811	1,575,638	5,358,449	6,369,311	309,298	6,678,609
Other debts	0	0	0	8,260	0	8,260
Liabilities of leases of a right-of-use asset	148,832,525	0	148,832,525	154,083,661	0	154,083,661
Long term bank loans	10,929,369	0	10,929,369	37,697,425	0	37,697,425
Deferred income		0	0	0	0	0
Provisions for employee benefits	548,796	0	548,796	79,883	0	79,883
TOTAL NON-CURRENT LIABILITIES	**164,093,501**	**1,575,638**	**165,669,139**	**198,238,540**	**309,298**	**198,547,838**
CURRENT LIABILITIES						
Suppliers and other liabilities	6,008,078	1,329	6,009,407	9,224,704	1,329	9,226,033
Other debts	0	0	0	288,849	0	288,849
Current income tax liabilities		0	0	0	0	0
Debts regarding the income tax of micro-enterprise	0	0	0	0	21,972	21,972
Liabilities of leases of a right-of-use asset	4,961,000	0	4,961,000	4,425,973	0	4,425,973
Provisions	320,379	0	320,379	372,441	0	372,441
Deferred income	33,829	0	33,829	25,588	0	25,588
Long term bank loans (maturing in up to one year)	6,163,242	0	6,163,242	5,294,559	0	5,294,559
Interest related to long term loans	52,154	0	52,154	20,091	0	20,091
TOTAL CURRENT LIABILITIES	**17,538,682**	**1,329**	**17,540,011**	**19,652,205**	**23,301**	**19,675,506**
TOTAL LIABILITIES	**181,632,183**	**1,576,967**	**183,209,150**	**217,890,745**	**332,599**	**218,223,344**

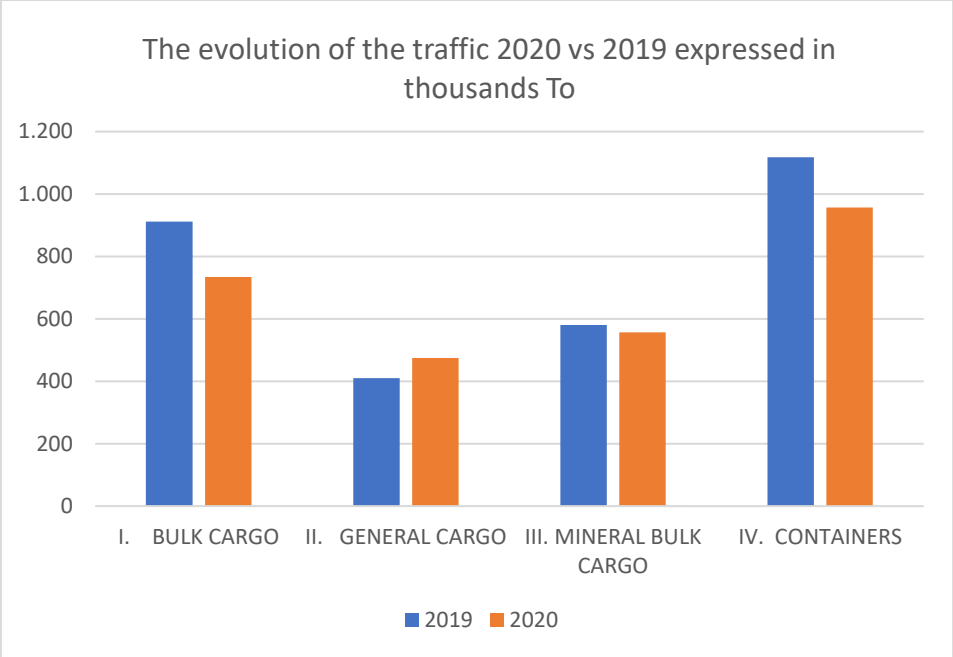
In 2020 SOCEP achieved the following results:

- **PHYSICAL INDICATORS**

INDICATORS	U.M.	Achieved	12/31/2020			%
		12/31/2019	Program	Achieved	%	2019/2018
1. Port traffic	1000 tons	3,020	3,087	2,723	88.21%	90.17%
2. Cargo handling	"	4,286	4,380	3,902	89.09%	91.04%
3. Average number of employees	persons	379	390	388	99.49%	102.37%
4. Mechanization level	%	91.4	91.00	89.9	98.79%	98.36%
5. Technical usage rate	%	30.9	30.00	28.8	96.00%	93.20%

The structure of the traffic achieved on types of cargo compared with to the same period of the year 2019 is as follows:

	- x 1000 to -			
CARGO TYPE	2019	2020	+/-	%
I. BULK CARGO, total o/w:	912	734	-178	114,8
1.1. Chemicals	98	194	96	197.96
1.2. Grain	647	517	-130	79.91
1.3. Other cargo	167	23	-144	13.77
II. GENERAL CARGO. total o/w:	410	475	65	115,85
2.1. Laminated	358	371	13	103.63
2.2. Chemicals	14	2	-12	14.29
2.3. Other cargo	38	102	64	268.42
GENERAL CARGO SECTION TOTAL	**1,322**	**1,209**	**-184**	91.45
III. MINERAL BULK CARGO	**580**	557	-23	96.03
IV. CONTAINERS	**1,118**	957	-161	85.60
TOTAL SOCEP TRAFFIC	**3,020**	**2,723**	**-297**	**90.17**
V. NUMBER OF CONTAINERS	83,545	65,205	-18.340	78.05
VI. CONTAINER TEU-s	141,495	101,271	-40,224	71.57



The technical condition and the usage degree of the machinery park per groups, compared with last year, are as follows:

	T.C.C.		T.U.C.	
	2019	**2020**	**2019**	**2020**
1. Tractors	99.6	100.0	3.3	3.0
2. Container transport tractors	85.1	83.3	37.6	35.0
3. Loaders	90.6	90.3	33.2	28.5
4. Forklifts for containers	94.0	85.5	56.0	46.6
5. Forklifts for general cargo	93.3	90.7	19.7	22.2
6. Motor cranes	90.0	100.0	6.3	12.0
7. Quay cranes	95.4	95.3	17.7	21.0
8. Gantry cranes for containers	89.8	92.5	49.2	31.9
9. RTG	93.8	98.4	60.0	47.7
TOTAL	**91.4**	**89.9**	**30.9**	**28.8**

- **REPAIRS AND INVESTMENTS**
-

The repair and investment program were performed as follows:

Lei

EXPLANATIONS	**ACHIEVED 2019**	**2020**			**% 2020/ 2019**
		PROGRAM	**ACHIEVED**	**%**	
I. TOTAL REPAIRS	**4,995,200**	**4,888,540**	**4,569,427**	**93.47**	**91.48**
1.1 Machinery	3,707,868	3,839,540	3,809,789	99.23	102.75
1.2. Constructions	1,287,332	1,049,000	759,638	72.42	59.01
II. TOTAL INVESTMENTS	**17,204,794**	**90,763,344**	**67,751,848**	**74.65**	**393.80**
2.1. Tangible assets	17,203,192	90,705,299	67,748,266	74.69	393.81

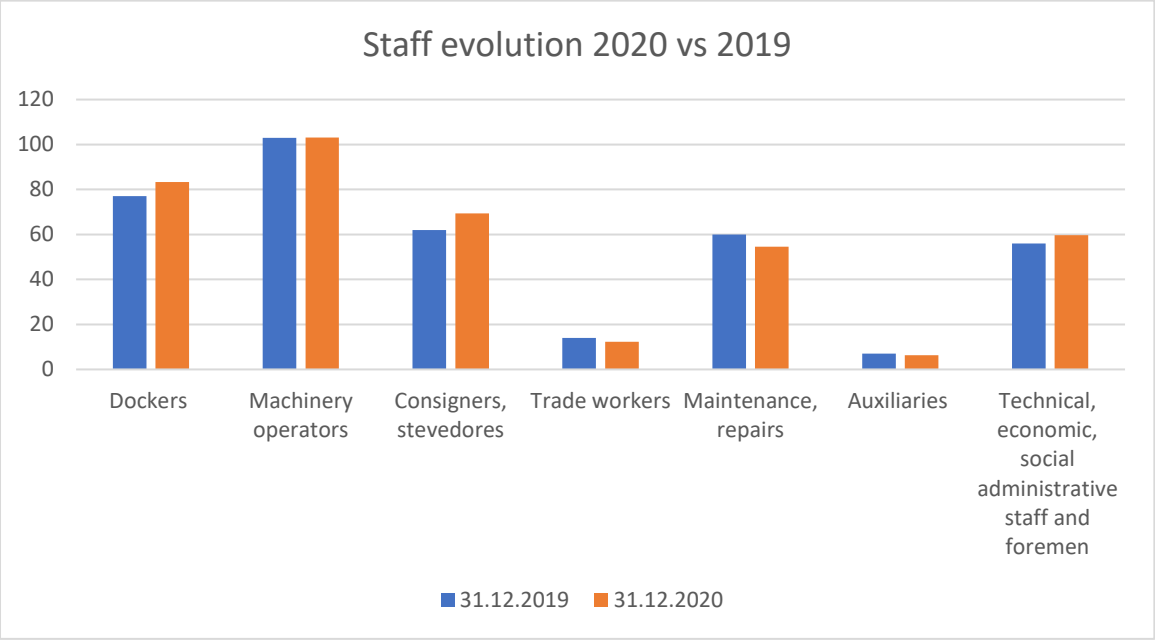
2.2. Intangible assets	1,602	58,045	3,582	6.17	223.60
2.3. Financial assets	0		0	**0.00**	**0.00**
III. INVESTMENTS COMMISSIONED	**276,206**	**22,744,044**	**17,120,927**	**75.28**	**6,198.61**
3.1. Tangible assets	274,604	22,685,999	17,117,345	75.45	6,233.47
3.2. Intangible assets	1,602	58,045	3,582	6.17	223.60

➢ HUMAN RESOURCES AND WAGE SCALE

On 12/31/2020 the structure of employees, basic average wage and gross average wage were as follows:

Lei

	Average no.			**Gross average wage**		
	2019	**2020**	**%**	**2019**	**2020**	**%**
Dockers	77	83	108.21	4.717	4.869	103.23
Machinery operators	103	103	100.06	5.709	5.841	102.32
Consigners, stevedores	62	69	111.94	4.836	4.988	103.14
Trade workers	14	12	87.79	3.698	3.698	100.00
Maintenance, repairs	60	55	90.92	4.483	5.034	112.30
Auxiliaries	7	6	91.14	2.945	2.945	100.00
Technical, economic, social administrative staff and foremen	56	60	106.61	5.064	5.558	109.75
TOTAL	**379**	**388**	**102.30**	**4.954**	**5.208**	**105.13**



The number of staff, compared to the same period of the previous year, increased, with an average number of 9 employees, representing 2.37%. The factor that determined this evolution was the takeover of staff during the merger.

The average gross income was largely influenced by the salary increase, registering an increase of the total average by 254 lei, ie 5.13%

FINANCIAL AND EFFICIENCY INDICATORS

	INDICATORS	CALCULATION	RESULTS	
			12/31/2019	12/31/2020
1.	Current liquidity	Current assets/Current liabilities	4.19	2.17
2.	Indebtedness	Borrowed capital ---------- x 100 Equity	89.20	101.08
		Borrowed capital ---------- x 100 Committed capital	47.15	50.27
3.	Rotation speed of customers flows	Average customer balance ---------- x 360 Turnover	70.89	86.02
4.	Rotation speed of fixed assets	Turnover/Fixed assets	0,26	0,18

Income generated by SOCEFIN S.R.L. in the amount of 3,052,001.74 lei came from bank interest of bank deposits for periods ranging between 1 month to 3 months, from participation interests and also 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 31/12/2020
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, 2020

	NOTE	12/31/2019	Lei 12/31/2020
NON-CURRENT ASSETS			
- Tangible assets	8	101,198,145	180,977,705
- Intangible assets	7	62,827	2,038,439
- Right-of-use asset	6	149,407,224	150,788,747
- Financial assets available for sale	9	409,044	383,614
- Investments in subsidiaries and associates	10	33,397,952	36,470,252
- Other long term investments	11	7,054,697	780,587
- Real estate investments	7	3,201,307	3,143,598
TOTAL NON-CURRENT ASSETS		**294,731,196**	**374,582,942**
CURRENT ASSETS			
- Stocks	12	1,306,149	914,175
- Clients and other receivables	13	15,946,258	19,992,312
- Receivables regarding profit tax	20	1,480,697	1,115,533
- Accrued charges	14	180,184	208,004
- Cash and cash equivalents	15	41,966,630	9,398,706
TOTAL CURRENT ASSETS		**60,879,918**	**31,628,729**
TOTAL ASSETS		**355,611,114**	**406,211,670**
EQUITY			
- Share capital	16	34,342,574	35,399,149
- Share capital adjustment	16	164,750,632	164,750,632
- Share premium	16	0	1,091,443
- Reserves	17	40,647,612	54,278,470
- Own share	16	0	-4,087,907
- Profit (loss) for the period	18	19,905,255	2,272,530
- Retained earnings	18	79,209,857	99,033,238
- Retained earnings from the adoption of IAS 29	16	-164,750,632	-164,750,632
- Other elements of equity	19	-126,368	334,002
TOTAL EQUITY		**173,978,931**	**188,320,925**
LIABILITIES			
Non-current liabilities			
- Deferred tax liabilities	20	3,782,811	6,369,311
- Other liabilities	22	0	8,260
- Liabilities of leases of a right-of-use asset	6	148,832,525	154,083,661
- Deferred income	23	0	0
- Provisions for employee benefits	25	548,796	79,883
- Long term bank loans	21	10,929,369	37,697,425
TOTAL NON-CURRENT LIABILITIES		**164,093,501**	**198,238,540**

Current liabilities			
- Suppliers and other liabilities	24	6,008,078	9,224,704
- Other liabilities	22	0	288,849
- Liabilities of leases of a right-of-use asset	6	4,961,000	4,425,973
- Long term bank loans maturing in up to one year	21	6,163,242	5,294,559
- Interest related to long term loans	21	52,154	20,091
- Current income tax owed	20	0	0
- Provisions	25	320,379	372,441
- Deferred income	23	33,829	25,588
TOTAL CURRENT LIABILITIES		**17,538,682**	**19,652,205**
TOTAL LIABILITIES		**181,632,183**	**217,890,745**
TOTAL EQUITY AND LIABILITIES		**355,611,114**	**406,211,670**

GENERAL MANAGER, FINANCIAL MANAGER,

DORINEL CAZACU CRISTIAN MIHAI UDUDEC

SOCEP PORT OPERATOR

STATEMENT OF COMPREHENSIVE INCOME AS AT DECEMBER 31-st, 2020

			Lei
	Note	**12/31/2019**	**12/31/2020**
Income	26	76,921,205	66,439,712
Other income	27	833,585	1,545,193
Raw materials and consumables	28	-8,211,193	-7,808,818
Cost of sold goods	29	-135,711	-33,543
Services provided by third parties	30	-10,367,894	-9,905,936
Employee benefits expense	31	-26,615,098	-27,605,736
Impairment and amortization expense	32	-14,551,498	-14,563,234
Other expenses	33	-1,986,877	-1,840,772
Other gains/losses from operations - net	34	-16,861	1,003,844
Profit/(Loss) from operation		**15,869,658**	**7,230,710**
Financial income	35	300,550	173,631
Financial expense	36	-6,024,768	-4,335,264
Other financial gains/losses (net)	37	11,303,521	-462,278
Profit before tax		**21,448,961**	**2,606,799**
Income tax expense	20	-1,462,359	-148,005
PROFIT FOR THE YEAR		**19,986,602**	**2,458,794**
OTHER COMPREHENSIVE INCOME ELEMENTS			
Elements not to be subsequently reclassified under profit or loss			
Gains or losses from evaluation of assets	17	-2,027,840	13,118,755
Deferred income tax related to other comprehensive income elements	19	-324,454	2,099,001
Elements to be subsequently reclassified under profit or loss			
Gains or losses on financial assets available for sale	19	-7,531,110	3,046,870
Deferred income tax related to other comprehensive income elements	19	1,204,978	487,499
OTHER COMPREHENSIVE INCOME ELEMENTS FOR THE YEAR (without tax)		**-8,678,426**	**18,752,125**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,308,175**	**21,210,919**

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

SOCEP PORT OPERATOR

STATEMENT OF EQUITY CHANGES AS AT DECEMBER 31-st, 2020

Lei

	Share Capital	Share Capital Adjustments	Reserves	Retained Earnings	Retained Earnings from adopting IAS 29	Other Equity Elements	Share Premium	Own Share	Total Equity
BALANCE AS AT 01/01/2020	**34,342,574**	**164,750,632**	**40,647,612**	**99,115,112**	**-164,750,632**	**-126,368**	**0**	**0**	**173,978,930**
Profit for 2020	0	0	186,264	2,272,530	0	0	0	0	2,458,794
Gains or losses on financial assets available for sale	0	0	0	0	0	3,046,869	0	0	3,046,869
Deferred income tax	0	0	0	0	0	-487,499	0	0	-487,499
Reserves from revaluation of realized tangible assets	0	0	13,118,755	2,270,935	0	0	0	0	15,389,690
Reserves from revaluation of unrealized tangible assets	0	0	0	0	0	0	0	0	0
Deferred income tax on realized revaluation differences	0	0	0	-363,349	0	-2,099,000	0	0	-2,462,349
Dividends				-4,497,432					-4,497,432
Merger	1,056,575		325,840	2,507,972			1,091,443	-4,087,907	893,923
BALANCE AS AT 12/31/2020	**35,399,149**	**164,750,632**	**54,278,470**	**101,305,768**	**-164,750,632**	**334,002**	**1,091,443**	**-4,087,907**	**188,320,925**

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

	12/31/2019	12/31/2020
CASH FLOWS FROM OPERATIONS		
Receipts from clients	86,856,658	69,975,952
Payments to suppliers and employees	-51,891,543	-44,361,972
Interest paid	0	0
VAT and other taxes (except income tax)	-6,145,346	-3,593,568
Income tax paid	-3,186,457	-146,191
Other receipts	5,629,632	2,432,728
Other payments	-5,952,140	-1,201,220
I, NET CASH FROM OPERATIONS	**25,310,804**	**23,105,729,00**
CASH FLOWS FROM INVESTMENTS		
Payments for acquisition of intangible assets	0	0
Payments for acquisition of tangible assets	-28,585,386	-74,324,042
Payments for acquisition of equity instruments	-110	0
Payments for acquisition of own share from merger	0	-4,084,532
Receipts from sale or liquidation of equity securities	0	0
Receipts from sale of tangible assets	424,759	0
Cash receipts during from merger		1,596,391
Interests received	317,794	109,425
Dividends received	10,580,358	39,906
II. NET CASH FROM INVESTMENTS	**-17,262,585**	**-76,662,852**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from long-term loans	0	47,122,463
Refunding from long-term loans	-10,377,082	-21,483,061
Interest related to loan	-776,570	-260,095
Dividends paid	0	-3,897,466
III. NET CASH FROM FINANCING ACTIVITIES	**-11,153,652**	**21,481,841**
IV. NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	**-3,105,433**	**-32,075,282**
V. IMPACT OF EXCHANGE RATE VARIATIONS	**755,192**	**-492,641**
VI. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	**44,316,871**	**41,966,630**
VII. CASH AND CASH EQUIVALENTS AS AT 12/31	**41,966,630**	**9,398,706**

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

Notes to the Financial Statements
as at December 31-st, 2020
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:	Constanţa, 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:	35,399,149.00 lei, divided in 353,991,490 uncertified shares; the nominal value of one share is 0.10 lei;
- 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:

- Duşu Niculae - President
- Duşu Ion - Vice-President
- Samara Stere - Vice-President

Starting with 11/01/2018 following the decision of the Supervisory Board, the Executive Board consists of 5 members. The members of the Executive Board are:

- ⇒ Cazacu Dorinel - General Manager
- ⇒ Codeț Gabriel - Operations Manager
- ⇒ Ududec Cristian Mihai - Financial Manager
- ⇒ Teodorescu Lucian Stefan - Maintenance Manager
- ⇒ Pavlicu Ramona - Sales Manager.

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 12/31/2020, 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 2020 and International Financial Reporting Standards issued in 2020 but not yet implemented.

Standards and amendments made to existing Standards as at January 1-st 2020. There are new standards, amendments and interpretations that apply for annual periods beginning after January 1, 2020 and that have not been applied to the preparation of these financial statements.

Below are the standards / interpretations that have been issued and are applicable starting with or after the period January 1, 2020.

• Defining the concept of significance - Amendment to IAS 1 and IAS 8

The IASB amended IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies that use a definition of significance throughout IFRS and in the Conceptual Framework.

The amendment clarifies:

- The fact that the significance threshold is evaluated in the context of the financial statements as a whole

The meaning of the main users of the financial statements to which the financial statements are addressed changes by adding "existing and potential investors, creditors and other creditors" who must rely on the financial statements to find out the most financial data.

• Definition of a business - Amendments to IFRS 3

The modified definition of a business involves an acquisition to include input data and a background process that, together, contributes significantly to the company's ability to create results. The definition of "results" is modified to focus on goods and services delivered to customers, which generate investment and other income and exclude returns in the form of reduced costs or other economic benefits.

These changes may lead to an increase in acquisitions that are considered asset acquisitions.

• Reference interest rate reform - amendments to IFRS 7, IFRS 9 and IAS 39 (January 1, 2020)

The amendments modify certain requirements of hedge accounting to provide some exemptions regarding the reference interest rate reform.

• Amendments to the IFRS Conceptual Framework (effective January 1, 2020) - The IASB issued a revised Conceptual Framework for financial reporting. It sets out the fundamental concepts of financial reporting that guide the board in developing IFRS standards. The main changes are:

o An increase in the importance of management for the purpose of financial reporting

o Restoring prudence as a component of neutrality

o Defining a reporting entity, which can be a legal entity or a part of an entity

o Reviewing the definitions of assets and liabilities

o Removing the probability threshold for recognition and adding a guide for derecognition

o Adding various evaluation bases and

The fact that the income statement is the main performance indicator and that, in principle, income and expenses from other elements of the global income statement should be recycled only when this improves the relevance and accurate picture of the financial statements.

b) On September 31, 2020, the following standards and interpretations were issued, but were not mandatory for the annual reporting periods ended on December 31, 2020.

• IFRS 17 Insurance Contracts (January 1, 2021, likely to be extended until January 1, 2022)

IFRS 4 will soon be replaced by a new standard on insurance contracts. Consequently, the temporary exemptions and / or the general approach of IFRS 9 for insurance companies will no longer apply when the new standard is issued.

IFRS 17 was issued in May 2017 as a replacement for IFRS 4. It assumes a valuation model in which estimates are revalued each year. Contracts are evaluated taking into account the following elements:

- Cash flows updated weighted according to the probability of realization

- An explicit risk adjustment and

- A contractual service margin that represents the profit from the contract recognized as income of the period covered.

Rent reductions due to COVID-109 - Amendments to IFRS 16

Following COVID-19, numerous rent reductions were granted to tenants. These discounts can take various forms, including deferral of payment. In May 2020, the IASb issued an amendment to IFRS 16 that allows tenants to treat rent benefits as a change in the lease. Entities applying this amendment must disclose this in their financial statements.

• Classification of current and long-term debt - Amendments to IAS 1

The amendment to IAS 1 states that liabilities must be presented on the basis of eligibility, depending on the rights that exist at the balance sheet date. The classification is not affected by the expectations of the entity or the events after the reporting date. The amendment also clarifies what is meant by "extinguishing" a debt.

• Amendments to IAS 16 - Property, Plant and Equipment

The amendment prohibits the entity from deducting from the cost of a tangible asset revenues realized as a result of using the asset during the period in which that asset is being brought to the level necessary for operation.

• Annual improvements for the 2018 - 2020 cycle (in force starting with January 1, 2019)

- IFRS 9 - Financial Instruments - clarifies what kind of fees should be included in the 10% test when recognizing financial liabilities.

- IFRS 16 - Rents - amendment of Example 13 which removes the illustration of landlord payments regarding l modernizations, in order to remove confusion regarding the treatment of rent advantages.

- IFRS 1 - Adoption for the first time of IFRS - allows entities to measure assets and liabilities at book values recorded in the financial statements of the parent company, together with any related exchange rate differences.

IAS 41 - Agriculture - remove the requirement for entities to exclude cash flows for taxes determined by fair value measurement in accordance with IAS 41.

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. The company allocates a part of the cost of benefits in favor of the employee during his working hours, and for this a calculation is used which is performed with sufficient regularity.

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:

	12/31/2019	**12/31/2020**
Customers and other receivables	17,426,955	21,107,844
Cash and cash equivalents	41,966,630	9,398,706
Total	**59,393,585**	**30,506,550**

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 12/31/2020, the company had cash and cash equivalents amounting to 9,398,706 lei.

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

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issuance contract no. 209763/05.10.2015). As at 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

The company liabilities on 12/31/2020, amounting to 217,412,832 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 31/12/2020, have the following maturities:

- lei

	Value	Maturity of 12 months or less
Suppliers and other liabilities	15,891,123	9,513,553
Bank loans (including interest)	43,012,076	5,314,650
Liabilities of leases of a right-of-use asset	158.509.634	4,425,973
Total	**217,412,832**	**19,254,176**

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

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, to cash and cash equivalents in foreign currency. The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. The amount of 32,152,074.80 lei has been withdrawn and used till now. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issue contract no. 209763/05.10.2015). On 12/31/20, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

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:

	12/31/2019		**12/31/2020**	
Financial assets	**Euro**	**USD**	**Euro**	**USD**
Customers	211,490	46,847	280,302	147,700
Cash and cash equivalents	3,731,768	2,270,255	425,901	470,122
Total financial assets	**3,943,258**	**2,317,102**	**706,203**	**617,822**
Financial liabilities				
Loans	0	0	8,829,011	0
Suppliers	14,715	0	0	0
Total financial liabilities	**14,715**	**0**	**8,829,011**	**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

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, to cash and cash equivalents in foreign currency. The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. The amount of 32,152,074.80 lei has been withdrawn and used till now. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issue contract no. 209763/05.10.2015). On 12/31/20, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

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 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, wich 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 available for sale (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)

	12/31/2019	**12/31/2020**
ROCOMBI S.A. shares	116,473	68,736
ROFERSPED S.A. shares	222,089	231,822
TOTAL	338,562	300,558

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

	12/31/2019	12/31/2018
ELECTRICA SA shares	70,482	83,056

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 instuctions, 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 caluation 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 leas 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 amotized 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 wich a discount factor equal to the marginal interest rate is applied. The marginal interest rate applied to these leasing debts was 0.95%.

The application of IFR 16 starting with the year 2019 took into account the rent Contract no. CNAPM-00082-IDP-01, conclueded between Socep SA and the National Company of Ports Maritime Administration S.A. Constanta; on 12/31/2020 the consequences are:

a) on the Statement of financial position:
   - recognition of on asset related to the use rights amounting to 150,788,747 lei;
   - recognition of a debt related to this right in the amount of 158,509,634 lei, 154.083.661 lei long – term debts and 4,425,973 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 5,044,415 lei;
   - increase of financial expenses with the amount of 4,107,235 lei;

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

- assets and liabilities of the company – increase of 158,509,634 lei;
- the result of the financial year of 2020 – decrease by 9.151,650 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 duet o asset growth;

In 2020, the interest rate was updated in accordance with existing conditions.

Thus, the lease no. CNAPM-00082-IDP-01, 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 2020	
Cost	154,226,812
Accumulated amortization	-4,819,588
Net carrying value	**149,407,224**
Year 2020	
Initial net carrying value	149,407,224
Receipts	6,425,938
Disbursements	0

Amortization for disbursements	0
Amortization expense	-5,044,415
Final net carrying value	150,788,747
At December 31-st 2020	
Cost	160,652,750
Accumulated amortization	-9,864,003
Net carrying value	**150,788,747**

Leasing debts related to the rights of use:

at **12.31.20**	Short term	Long term	total
Leasing debts related to the rights of use	4,425,973	154,083,661	158,509,634

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 01/01/2020							
Revaluated cost or value	40,188,879	101,799,892	575,869	3,201,307	21,489,126	1,766,799	169,021,872
Accumulated amortization	-6,752,723	-57,432,484	-437,213	0	0	0	-64,622,420
Net carrying value	**33,436,156**	**44,367,408**	**138,656**	**3,201,307**	**21,489,126**	**1,766,799**	**104,399,452**
Year ended on 01/01/2020							
Initial net carrying value	33,436,156	44,367,408	138,656	3,201,307	21,489,126	1,766,799	104,399,452
Receipts	18,670,430	21,550,342	118,055	861,317	67,751,848	4,943,728	113,895,720
Disbursements	-12,561,494	-402,746	0	-919,026	-17,117,345	-19,733	-31,020,344
Amortization for disbursements	11970270	402,746		0	0	0	12,373,016
Amortization expense	-5,268,581	-10,139,837	-118,123	0	0	0	-15,526,541
Net carrying value	**46,246,781**	**55,777,913**	**138,588**	**3,143,598**	**72,123,629**	**6,690,794**	**184,121,303**
As at 12/31/2020							
Revaluated cost or value	46,297,815	122,947,488	693,924	3,143,598	72,123,629	6,690,794	251,897,248
Accumulated amortization	-51,034	-67,169,575	-555,336	0	0	0	-67,775,945
Net carrying value	**46,246,781**	**55,777,913**	**138,588**	**3,143,598**	**72,123,629**	**6,690,794**	**184,121,303**

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.

In 2003, following the resolution dated 04/01/2003 of GSM and in accordance with Law 31/1991, as amended and supplemented, and GEO 28/2002, the company share capital was increased by incorporating revaluation differences in the amount of 13,874,888 lei.

The company constructions were last revaluated on 31 December 2020 by an independent assessor, as follows:

- 15,389,690 lei - value increase, recorded in the credit of unrealized revaluation reserves account;
- 306,164 lei - value reduction, recorded in the profit and loss 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.

Main acquisitions put into operation during this year were:

→ merger	7,270,870 lei
→ purchase	17,140,612 lei
→ own construction	5,762 lei

The value of fixed assets put into operation during the year 200, depending on their nature is the following:

- Construction – 13,751 lei:
- Technical installations, equipment, means of transport – 248,234 lei;
- Furniture, office – 12,619 lei;

The fixed assets, depending on the place of use, are presented as follows:

- ADMINISTRATIVE OFFICES – 29,733 lei;
- ADMINISTRATIVE OFFICES PORT VECHI – 6,432 lei
- CONTAINER TERMINAL -8,724 lei;
- BULK AND GENERAL CARGO TERMINAL – 17,095,723 lei;

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

- Modern grain terminal;
- Sing CF;

Tangible assets in the amount of 1721,088 lei were disposed of, by scrapping/sale.

NOTE 8. INTANGIBLE ASSETS

	Computer licenses and software
As at 01/01/2020	
Cost	1,186,588
Accumulated amortization	-1,179,464
Net carrying value	**7,124**
As at 12/31/2020	
Initial net carrying value	7,124
Receipts	1,971,907
Disbursements	0
Amortization for disbursements	0
Amortization expense	-49,052
Final net carrying value	1,929,979
As at 12/31/2020	
Cost	3,158,495
Accumulated amortization	-1,228,516
Net carrying value	**1,929,979**

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.

On 12/31/2020, the company had recorded a total amount of 108,460 lei advances of intangible assets, amount related to general cargo records.

In the years 2019 and 2020no impairment of intangible assets have been recognized, as per IAS 36 "Asset impairment". No losses from impairments during 2020 have been recognized.

NOTE 9. FINANCIAL ASSETS AVAILABLE FOR SALE

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 4.2857% in ROCOMBI SA BUCHAREST and 3.0909% 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 01/01/2020	**116,473**	**222,089**	**70,482**	**409,044**
Net asset value increases	0	9,733	0	**9,733**
Change in fair value	0	0	21,244	**21,244**
Net asset value decreases	-47,737	0	-8,670	**-56,407**
Value as at 12/31/2020	**68,736**	**231,822**	**83,056**	**383,614**

Shares evaluated at fair value through other elements of comprehensive income which are listed on BSE, are revaluated quarterly, depending on the rate in that quarter's last trading day.

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 01/01/2020	**33,397,952**	**33,397,952**
Entries	0	**0**
Fair value adjustments	3,072,300	**3,072,300**
Provision for impairment	0	**0**
As at 12/31/2020	**36,470,252**	**36,470,252**

NOTE 11. OTHER LONG TERM INVESTMENTS

The company has constituted guarantees in the form of deposits, by recording the amounts in the guarantee accounts, as follows:

- Lease contract CNAPMC – 00082 -IDP – 01 concluded between SOCEP SA and C.N. Maritime Port Administration S.A. Constanta, 691,198.86 lei;

- Concession contract no. 94 concluded with the Administration of the Free Zone Constanta Sud, 25,779.24 lei;
- Guarantees taken over after the merger, amounting to 63,608,80 lei.

NOTE 12. STOCKS

Stocks held on 31/12/2020 are mainly composed of consumables. Their values were:

	12/31/2019	12/31/2020
Consumables	2,990,733	2,826,460
Goods	6,724	6,670
Adjustments for stock impairment	-1,705,658	-1,926,635
Advance payments for stocks and providing services	14,350	7,680
Total	**1,306,149**	**914,175**

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 1,926,635 lei.

NOTE 13. CUSTOMERS AND OTHER RECEIVABLES

	12/31/2019	12/31/2020
Trade receivables (customers)	15,025,562	16,480,751
Adjustments for customer receivables impairment	-742,757	-752,293
Trade receivables – carrying value	14,282,805	15,728,458
Other receivables	3,400,876	6,004,836
Adjustments for impairment sundry debtors	-1,737,423	-1,740,982
Other receivables - carrying value	1,663,453	4,263,854
Total	**15,946,258**	**19,992,312**

Both trade receivables and other receivables are current assets.

According to Loan contract agreed with BRD for financing the PACECO project, the company concluded a Mortgage contract onto receivables resulting form Trade contract, mortgage valid for the entire period of the above mentioned loan contract.

The evolution of adjustments for customer receivables impairment and for sundry debtors impairment during 2020 was as follows:

	Adjustments for impairment of customer receivables	Adjustments for impairment of sundry debtors
Balance as at 01/01/2020	742.757	1,737,423
Increases	492,543	8,059
Decreases	-483,008	-4,500
Balance as at 12/31/2020	**752,293**	**1,740,982**

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

Classification of trade receivables (customers) by maturity date is as follows:

Customer receivables	**12/31/2019**	**12/31/2020**
-not due	9,035,536	6,766,494
-due and unimpaired	5,247,268	8,961,964
-due and impaired	742,757	752,293
Total	**15,025,561**	**16,480,751**

Other receivables include:

	12/31/2019	**12/31/2020**
Advance payments for stocks and providing services	205,153	116,863
Taxes, charges to be recovered and other receivables	161,707	562,937
VAT to be recovered	653,469	2,723,223
Sundry debtors	2,380,548	2,601,812
Total	**3,400,876**	**6,004,836**

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 12/31/2020, these were amounting 208,003.70 lei.

NOTE 15. CASH AND CASH EQUIVALENTS

	12/31/2019	**12/31/2020**
Cash and bank accounts	35,437,141	4,213,507
Short-term bank deposits	6,529,489	5,185,199
Total	**41,966,630**	**9,398,706**

Cash and cash equivalents in foreign currency were measured in the financial statements based on exchange rates valid on 12/31/2019, namely 4.8694 lei/Euro and 3.9660 lei/USD.

NOTE 16. SHARE CAPITAL

The company’s share capital is fully subscribed and has a value of 35,399,149 lei. It consists of 353,991,490 dematerialized registered shares. The nominal value of a share is 0.10 lei. After the application of IFRS, the company's share capital was adjusted to inflation. The adjustment amount is 164,750,632 lei.

During 2020, the merger by absorption between SOCEP SA and Casa de Expeditii Phoenix SA was carried out, as a result of which the following changes took place:

- a number of 7,768,732 shares were redeemed by SOCEP SA, from the shareholders who withdrew from the company, amounting to 4,087,907 lei;

- the share capital was increased by issuing a number of 10,565,746 shares, having a value of 1,056,574.60 lei;

- it was registered as the capital premium, the merger premium amounting to 1,091,443.46 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 01/01/2020	**18,683,277**	**6,868,515**	**10,047,519**	**5,048,301**	**40,647,612**
Profit distribution (earnings for the year)	0	130,340	0	55,924	186,264
Surplus from revaluation realized	-2,270,935	0	0	0	-2,270,935
Reserve for revaluation real estate investments at fair value	15,389,690	0	0	0	15,389,690
Reserves from reinvested profit	0	0	0	0	0
Reserves from merger	0	47,528	278,312	0	325,840
As at 12/31/2020	**31,802,032**	**7,046,382**	**10,325,831**	**5,104,225**	**54,278,470**

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 793,221 lei.

NOTE 18. RETAINED EARNINGS

	Retained earnings from undistributed profits	Result of the semester	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 01/01/2020	**60,479,528**	**0**	**-1,282,715**	**16,870,699**	**1,839,496**	**77,907,008**
Distributed legal/others reserve		-186,264				-186,264
Result for the year	19,905,255	2,458,794				22,364,049
Surplus from revaluation realized				2,270,935	1,302,849	3,573,784
Income tax related to revaluation surplus realized			-	-363,350		-363,350
Dividends	-4,497,432					-4,497,432
Taken from merger	-745,749			3,253,721		2,507,972
As at 31/12/2020	**75,141,602**	**2,272,530**	**-1,282,715**	**22,032,006**	**3,142,345**	**101,305,768**

NOTE 19. OTHER EQUITY ELEMENTS

	Deferred income tax recognized in equity account	Differences from the change in fair value of financial assets available for sale	TOTAL
As at 01/01/2020	**-3,782,811**	**3,656,443**	**-126,368**
Deferred income tax related to change in fair value of financial assets available for sale	-487,499	0	-487,499
Change in fair value of financial assets available for sale	0	3,046,870	3,046,870
Deferred income tax related to revaluation surplus realized	-2,099,001		-2,099,001
As at 12/31/2020	**-6,369,311**	**6,703,313**	**334,002**

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 2018, 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 01/01/2020	**272,905**	**396,829**	**88,733**	**117,968**	**876,435**
Recorded/credited in profit or loss for the period	-24,850	-78,001	-100,236	0	-203,086
Recorded/debited in profit or loss for the period	60,206	80,096	25,209	8,948	174,459
As at 12/31/2020	**308,262**	**398,924**	**13,707**	**126,915**	**847,807**

Deferred income tax liabilities

Deferred income tax liabilities	Revaluation reserves	Financial assets available for sale	Total
As at 01/01/2020	**3,197,780**	**585,031**	**3,782,811**
Recorded/credited in profit or loss for the period			
Recorded/debited in profit or loss for the period			
Recorded/credited in other elements of comprehensive income	2,462,350	496,524	2,958,875

Recorded/debited in other elements of comprehensive income	-363,350	-9,025	-372,375
As at 12/31/2020	**5,296,781**	**1,072,530**	**6,369,311**

b) Current income tax

	12/31/2019	12/31/2020
Balance on 01 January	-751,695	-604,262
Increases	-1,830,500	482,728
Decreases	3,186,457	-146,191
Balance on 31 December	604,262	-267,725

c) **Expense with current income tax**

	12/31/2019	12/31/2019
Profit before tax	21,448,961	2,183,229
Non taxable income	-11,025,912	-2,769,063
Non deductible expenses	1,931,240	2,640,596
Elements similar to income	2,027,840	2,270,935
Taxable profit	14,382,129	4,325,696
Income tax calculated by 16%	2,301,141	692,111
Sponsorships – previous year	0	-104,175
Sponsorships – current year	-457,625	-13,000
Deduction of reinvested profit	-13,016	-8,948
Fiscal facility	0	-83,261
Current income tax expense	1,830,500	482,728

d) Income tax expenses

	12/31/2019	12/31/2020
Current income tax expenses	1,830,500	482,728
Deferred income tax expense	43,947	203,086
Deferred income tax revenues	-412,088	-537,809
Income tax expenses	1,462,359	148,005

NOTE 21. BANK LOANS

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issuance contract no. 209763/05.10.2015). As at 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

The interest due at the end of 2020 was 20,091.07 lei.

NOTE 22. OTHER LIABILITIES

Other debts include the financial leasing contract taken over following the merger by absorption, having as object a motor vehicle. Its duration extends until 30.05.2022, and its balance on 31.12.2020 was 27,800.36 lei, of which due in one year 19,540.80 lei, and in one year 8,259.56 lei.

Also, in this category are included the guarantees offered by SOCEP SA by third parties, having a value of 269,308.12 lei. They have a maturity of more than one year.

NOTE 23. DEFERRED INCOME

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

	12/31/2019	12/31/2020
Donations for investments	-	-
Other revenues	33,829	25,588
TOTAL	**33,829**	**33,829**

NOTE 24. SUPPLIERS AND OTHER PAYABLES

	12/31/2019	12/31/2020
Trade payables	3,226,519	5,789,264
Suppliers for fixed assets	806,119	3,163,418
Salaries due	1,018,111	861,477
Unclaimed Dividends	664,436	1,373,592
Social security and other taxes	1,087,128	1,200,370
Other payables	11,884	0
Total	**6,008,078**	**9,224,704**

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

	12/31/2019	12/31/2020
Social security	923,402	933,681

Salary tax	163,726	168,977
VAT	0	0
Tax withheld at the income source	0	97,712
TOTAL	**1,087,128**	**1,200,370**

On 31/12/2020, 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:

	12/31/2019	12/31/2020
Provisions for disputes/litigations	100,000	0
Provisions for employee benefits	548,796	79,883
Other provisions	220,379	372,441
TOTAL	**869,175**	**452,324**

The provision for employee benefits, in the amount of 79,883 lei, is constituted for the amounts to be granted to the company's staff, at the level of three employment salaries for each, received on the retirement date.

During 2020, the company changed the policy of granting benefits to employees paid in the form of three average gross salaries at the time of retirement for the age limit, establishing the following: payment of two average gross salaries at retirement and uninterrupted seniority in the last five years prior to retirement, within SOCEP SA.

As a result of this change, it was necessary to change the calculation of the provision, from its establishment for all employees at the end of a year, to the establishment of the provision, only for employees who have a period of 5 years to the legal retirement limit, with provided that this period is carried out within Socep.

This policy change generated a decrease in the provision established in 2019.

NOTE 26. INCOME (turnover)

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

	12/31/2019	12/31/2020
Income from provided port services	76,177,535	66,213,427

Income from rents	362,832	404,354
Other income (sale of goods)	569,957	140,030
Commercial discounts granted	-189,119	-318,099
TOTAL	**76,921,205**	**66,439,712**

Turnover detailed by port terminals as determined by company management, is as follows:

	12/31/2019	12/31/2020
I. GENERAL AND BULK CARGO		
Cargo handling	35,016,085	33,938,772
Storage	12,778,794	7,365,723
Other services	779,346	968,764
South Agigea Area	243,272	209,182
TOTAL	**48,817,497**	**42,482,442**
II, CONTAINERS		
Handlings	27,391,437	22,726,226
Storage	594,457	930,042
Other services	117,814	301,002
TOTAL	**28,103,708**	**23,957,270**
III, TOTAL COMPANY		
Cargo handling	62,407,522	56,664,998
Storage	13,373,251	8,295,765
Other services	897,160	1,269,766
South Agigea Area	243,272	209,182
TOTAL	**76,921,205**	**66,439,712**

NOTE 27. OTHER INCOME

	12/31/2019	12/31/2020
Despatch and penalties	152,370	292,472
Miscellanea	510,327	717,606
Earnings from fair value assessment inv, assets	170,888	535,115
TOTAL	**833,585**	**1,545,193**

Other income included amounts from billing despatch rights (amounts due for early operation of ships), i.e. 291,472 lei.

NOTE 28. RAW MATERIALS AND CONSUMABLES

	12/31/2098	12/31/2020
Expenses with consumables	6,270,735	5,750,287
Expenses with other materials	270,346	287,821
Expenses with materials not stored	94	0
Expenses with energy and water	1,670,018	1,770,710
TOTAL	**8,211,193**	**7,808,818**

NOTE 29. COST OF SOLD GOODS

	12/31/2019	12/31/2020
Expenses with goods	135,711	33,543

NOTE 30. SERVICES PERFORMED BY THIRD PARTIES

	12/31/2019	12/31/2020
Maintenance and repair expenses	1,456,888	1,305,995
Rent expenses	162,330	317,346
Insurance expenses	247,079	314,360
Protocol, advertising and publicity expenses	146,784	94,262
Expenses with charges and fees	937,501	283,253
Cargo and staff transportation expenses	118,393	128,813
Travel expenses	192,686	6,032
Postal and telecommunication expenses	109,989	139,065
Bank service expenses	74,493	23,409
Rail cars shifting expenses	603,186	494,083
Port service expenses	3,844,517	3,797,594
Sanitation expenses	465,911	421,572
Occupational safety expenses	47,146	57,339
Fire protection, safety expenses	1,025,093	1,536,024
Computer service expenses	275,757	294,013
Expenses with subscriptions, contributions	85,215	97,648
Audit, consultancy, BSE expenses	233,377	161,999
Expenses with charges, authorizations	117,301	149,563
Schooling/training expenses	29,650	77,115
Other expenses	194,598	206,451
TOTAL	**10,367,894**	**9,905,936**

NOTE 31. EMPLOYEE BENEFITS COST

EXPENSES	12/31/2019	12/31/2020
Salaries and meal vouchers	25,355,431	26,310,294

Social security expenses	1,259,667	1,295,442
TOTAL	**26,615,098**	**27,605,736**

Benefits for Management Board and Supervisory Board members:

EXPENSES	**12/31/2019**	**12/31/2019**
Management Board benefits	949,324	890,792
Social security related to Management Board benefits	21,360	20,042
Supervisory Board benefits	931,477	820,561
Social security related to Supervisory Board benefits	20,958	18,462
TOTAL	**1,923,119**	**1,749,858**

	12/31/2019	**12/31/2020**
Average number of employees	379	388

NOTE 32. AMORTIZATION EXPENSES

	12/31/2019	**12/31/2020**
Expenses with the amortization of intangible assets	317,079	49,052
Expenses with the amortization of tangible assets	9,414,831	9,469,767
Expenses from revaluation of tangible assests	4,819,588	5,044,415
TOTAL	**14,551,498**	**14,563,234**

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.

	12/31/2019	**12/31/2020**
Expenses with taxes and charges	810,638	927,490
Losses from receivables	886	403,877
Damages, fines, penalties	421,156	148,409
Donations	0	9,605
Sponsorships	561,800	13,000
Other operating expenses	192,397	338,391
TOTAL	**1,986,877**	**1,840,772**

NOTE 34. OTHER OPERATIONAL GAINS/LOSSES – NET

	12/31/2019	**12/31/2020**
Income from of production of fixed assets	114,944	1,418,583
Income from disposal of assets	356,940	29,412

Expenses on disposal of assets	-5,246	-318,342
Income from operating subsidies	0	7,382
Income from provisions	70,819	892,023
Expenses from provisions	-396,680	-465,629
Income from adjustments of stocks and customer receivables	203,847	642,818
Expenses for adjustments of stocks and customer receivables	-359,287	-797,657
Income from exchange rate differences, less those for cash and cash equivalents	40,528	362,475
Expenses from exchange rate differences, less those for cash and cash equivalents	-42,726	-3,768,094
TOTAL	**-16,861**	**-1,997,030**

NOTE 35. FINANCIAL INCOME

Financial income includes income from interests and other income.

	12/31/2019	12/31/2020
Income from interests	249,337	109,923
Other financial income	51,213	63,708
TOTAL	**300,550**	**173,631**

NOTE 36. FINANCIAL EXPENSES

	12/31/2019	12/31/2019
Interest expenses	753,520	228,029
Interest expenses of right-of-use asset	1,490,695	1,106,361
Exchange rate expenses of right-of-use asset	3,780,553	3,000,874
TOTAL	**6,024,768**	**4,335,264**

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.

	12/31/2019	12/31/2020
Income from shares	10,580,358	39,906

Income from exchange rate differences	1,524,153	986,986
Expenses from exchange rate differences	-775,999	-1,479,627
Expenses for impairment of financial assets	-24,991	-9,543
Net financial gains (losses)	**11,303,521**	**-462,278**

NOTE 38. TRANSACTIONS WITH AFFILIATED PARTIES

In 2020, the company had transactions with the following affiliated parties: CASA DE EXPEDIŢII PHOENIX SA CONSTANŢA, CELCO SA CONSTANȚA, IT is generated by the existence of common members in their management bodies.

Sales of goods and services

Company	**12/31/2019**	**12/31/2020**
Casa de Expediții Phoenix S.A.		
Sales of goods	-	-
Sales of services	726,286	217,644
Sales of fixed assets	-	-
TOTAL (VAT INCLUDED)	**726,286**	**217,644**

Purchases of goods and services

Company	**12/31/2019**	**12/31/2019**
Casa de Expeditii Phoenix S.A.		
Purchases of goods	72,668	14,375
Purchases of services	173,406	19,433
Purchases of fixed assets	-	-
TOTAL (VAT INCLUDED)	**246,074**	**33,433**
CELCO S.A.		
Purchases of goods	1,673	1,021
Purchases of services	-	-
Purchases of fixed assets	-	-
TOTAL (VAT INCLUDED)	**1,673**	**1,021**

Balances on December 31st, 2020 resulting from sales/purchases of goods/services is 0.

NOTE 39. ECONOMIC AND FINANCIAL INDICATORS

	INDICATORS	CALCULATION	RESULTS	
			12/31/2018	12/31/2019
1.	Current liquidity	Current assets/Current liabilities	3.47	1.63
2.	Indebtedness	Borrowed capital / Equity x 100	94.32	105.27
		Borrowed capital / Capital employed x 100	48.54	51.28
3.	Rotation speed of customers flows	Average customer balance / Turnover x 360	70.89	86.02
4.	Rotation speed of fixed assets	Turnover/Fixed assets	0.26	0.18

NOTE 40. CONTINGENT ASSETS AND LIABILITIES

A contingent liability is:

- a potential obligation, arising from past events and the existence of which will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events, which cannot be fully controlled by the Group;

or

- a current obligation arising from past events that is not recognized because:
- it is not likely that an outflow of resources with economic benefits will be necessary to settle the obligation;
- the amount of the debt cannot be assessed sufficiently credibly.

Contingent liabilities are not recognized in the Company's financial statements, but are presented in the notes, unless the possibility of outflows of resources incorporating economic benefits is removed.

A contingent asset is a potential asset that arises as a result of past events and whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events that are not fully controlled by the Company. A contingent asset is not recognized in the Company's financial statements, but is presented when an inflow of economic benefits is probable.

Thus, as a contingent debt, the Company registers on the role of the Constanta Court the file no. 33562/212/2019.

On 02.02.2018 inside SOCEP SA, an event took place during the unloading activity of a CF wagon, resulting in an injury by hitting an employee. The company is civilly liable together

with another of its employees. Moral damages in the amount of 300,000 euros and material damages in the amount of 9,254 lei are requested
The case is pending before the court and it will rule on the requested claims.

NOTE 41. EVENTS AFTER THE REPORTING PERIOD

We mention that subsequent to preparation of individual financial statements and prior to their authorization for publication, significant events have occurred which can influence the financial position and performance of the Group.

At the time of preparing the financial statements, there is a risk of affectimg the company's activity, as a result of the global and national effects of the Covid 19 epidemic. The management of the company has implemented procedures to protect the employees, and is considering resource management measures in correlation with the evolution of the situation, so as to limit the impact on the financial results, as well as ensuring the continuity of the company's activity.

GENERAL MANAGER,	FINANCIAL MANAGER,
DORINEL CAZACU	CRISTIAN MIHAI UDUDEC

III.2 REPORT ON THE AUDIT OF INDIVIDUAL FINANCIAL STATEMENTS

SOCEP S.A.
Incinta Port Constanţa Dana 34,
Constanţa

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

Report on the Audit of Individual Financial Statements

Opinion

1. We have audited the financial statements of SOCEP S.A. (SOCEP S.A. or the "Company"), located in Constanta, Incinta Port Constanta Dana 34, identified by the registration code RO 1870767, which comprise the statement of financial position as at December 31, 2020 and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

2. The individual financial statement is identified as follows:
   - Net Assets/Shareholder's Equity 188,320,925 lei
   - Net profit 2,458,794 lei

3. In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with the O.M.F.P. no. 2844/2016 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards (IFRS).

Basis for opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), the *EU Regulation no. 537 of the EU Parliament and Council (further referred to as the "Regulation")* and the Law no. 162/2017 (the "Law"). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Company according to the Ethics Code for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit proof we have 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 most significance in our audit of the financial statements. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole and in forming an opinion on the financial statements and we do not express an opinion on these individual matters.

   The main key audit matters considered are described below:

Revenue recognition
Note 3.16, note 25, note 26, note 33, note 34 and note 35 to the financial statements

Key Audit Matter
Revenue is an important measure used to evaluate the performance of the Company. There is a risk that the revenue is presented for amounts higher than what has been actually generated by the Company. Revenue is accounted for when the sales transactions have been completed, when services and goods are delivered to the customer and all economic risks for the Company have been transferred as a result. The revenue is mainly generated through the core business of container operating and warehousing. Due to their materiality in the context of the financial statements as a whole, it is considered to be one of the areas which had a material effect on our audit strategy and allocation of resources in planning and completing our audit.

The Audit Approach
Our audit procedure included reviewing the internal control procedures related to the sales cycle and revenue recognition, together with other procedures that include, without been limited to:

- documenting and evaluating the revenue recognition and disclosure procedures
- auditing the revenue cut-off
- selecting and testing the main revenue
- confirmation of significant sales transactions and receivables

Other aspects

6. At the date of our audit report, the capital markets and the European economies continue to be affected by the effects of the COVID-9 pandemic, Romania being in the same situation. Those evolutions would probably affect the future business of the Company, without been able to precisely estimate the effects of those events to the future results of the Company. The management is monitoring those events and their influence on the Company's operations.

7. Note 40 "Contingent Assets and Liabilities" to the financial statements describes a court case where the Company is subject to a claim that would be settled depending on the litigation final result. Management considers that that litigation is in progress and the outcome cannot foreseen at the date of the financial statements. Our opinion is not modified in that sense.

8. Note 25 „Provisions" describes the fact that the Company has had a policy change concerning employee benefits and the way they are allowed. AS such the provision policy has been changed. Management is considering the period for employee benefit according to the new employee benefits policy.

Other Information – Administrators' Report

9. Company directors are responsible for the preparation and presentation of other information. This other information includes the Administrators' Report, but do not include the financial statements and the audit opinion on those financial statements.

   Our opinion on the financial statements does not refer to this other information and, except when it is mentioned in our report, we do not express any assurance regarding other information.

   Regarding the audit of the financial statements as at December 31, 2020, our responsibility is to read this other information and to assess if this other information is significantly inconsistent with the financial statements or with our knowledge obtained during our audit.

   Regarding the Administrators' Report we have read and report if it has been prepared in accordance with O.M.F.P. no. 2844/2016 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards (IFRS).

   Based exclusively on the work that we have to perform during the audit of the financial statements, in our opinion:

   a) The information disclosed in the Administrators' Report for the financial; year for which the financial statements have been prepared is in accordance, in all material respects, with the financial statements.

   b) The Administrators' Report has been prepared, in all material respects, in accordance with O.M.F.P. no. 2844/2016 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards (IFRS).

   Further, based on our understanding and knowledge obtained during our audit of the individual financial statements prepared for the year ended December 31, 2020 we are requested to report if significant misstatement have been identified in the Administrators'' Report. We have nothing to report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

10. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the O.M.F.P. no. 2844/2016 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the individual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report regarding other reporting obligations

18. We have been nominated as auditors at the date of the General Shareholders' Meeting in April 24, 2020 for auditing the financial statements of SOCEP SA as at December 31, 2020. The total duration of our engagement is of one year, covering the financial year ended December 31, 2020.

19. We confirm that our opinion is accordance with the supplementary report transmitted to the Company, issued at the same date as our audit opinion. During our engagement we have been independent of the Company.

20. We have not provided any non-audit services, as they are mentioned in article 5, 1st paragraph of the EU Regulation nor. 537/2014

No. 1328
In the name of
JPA Audit și Consultanță S.R.L.
Bd. Mircea Vodă 35, etaj 3, sector 3 Bucuresti
Registered Auditor ASPAAS FA319

Florin Toma — Bucharest
Registered Auditor ASPAAS AF1747 — April 5th, 2021

III.3 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31/12/2020 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, 2020

	NOTE	12/31/2019	Lei 12/31/2020
NON-CURRENT ASSETS			
- Tangible assets	8	101,198,145	180,977,705
- Intangible assets	9	62,827	2,038,439
- Right-of-use asset	7	149,407,224	150,788,747
- Financial assets available for sale	10	34,491,588	34,249,660
- Investments in subsidiaries and associates	11	0	0
- Other long term investments	12	7,054,697	780,587
- Real estate investments	8	3,201,307	3,143,598
TOTAL NON-CURRENT ASSETS		**295,415,788**	**371,978,735**
CURRENT ASSETS			
- Stocks	13	1,306,149	914,175
- Clients and other receivables	14	15,974,815	20,018,228
- Receivables regarding profit tax	21	1,471,361	1,115,533
- Accrued charges	15	180,184	208,004
- Cash and cash equivalents	16	54,584,211	20,410,800
TOTAL CURRENT ASSETS		**73,516,720**	**42,666,739**
TOTAL ASSETS		**368,932,508**	**414,645,474**
EQUITY			
- Share capital	17	34,342,574	35,399,149
- Share capital adjustment	17	164,750,632	164,750,632
- Share premium	17	0	1,091,443
- Reserves	18	41,237,159	54,868,018
- Own share	17	0	-4,087,907
- Profit (loss) for the period	19	19,905,255	5,277,586
- Retained earnings	19	82,085,505	101,908,886
- Retained earnings from the adoption of IAS 29	17	-164,750,632	-164,750,632
- Other elements of equity	20	8,152,864	1,964,955
TOTAL EQUITY		**185,723,358**	**196,422,130**
LIABILITIES			
Non-current liabilities			
- Deferred tax liabilities	21	5,358,449	6,678,609
- Other liabilities	22	0	8,260
- Liabilities of leases of a right-of-use asset	7	148,832,525	154,083,661
- Deferred income	24	0	0

- Provisions for employee benefits	26	548,796	79,883
- Long term bank loans	23	10,929,369	37,697,425
TOTAL NON-CURRENT LIABILITIES		**165,669,139**	**198,547,838**
Current liabilities			
- Suppliers and other liabilities	25	6,009,407	9,226,033
- Other liabilities	22	0	288,849
- Liabilities of leases of a right-of-use asset	7	4,961,000	4,425,973
- Long term bank loans maturing in up to one year	23	6,163,242	5,294,559
- Interest related to long term loans	23	52,154	20,091
- Current income tax owed	21	0	0
- Current income of micro-entreprises	21	0	21,972
- Provisions	26	320,379	372,441
- Deferred income	24	33,829	25,588
TOTAL CURRENT LIABILITIES		**17,540,011**	**19,675,506**
TOTAL LIABILITIES		**183,209,150**	**218,223,344**
TOTAL EQUITY AND LIABILITIES		**368,932,508**	**414,645,474**

GENERAL MANAGER,

DORINEL CAZACU

FINANCIAL MANAGER,

CRISTIAN MIHAI UDUDEC

SOCEP PORT OPERATOR

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT DECEMBER 31-st, 2020

= în lei =

	Note	12/31/2019	12/31/2020
Income	27	76,921,205	66,439,712
Other income	28	833,585	1,545,193
Raw materials and consumables	29	-8,211,193	-7,808,818
Cost of sold goods	30	-135,711	-33,543
Services provided by third parties	31	-10,369,421	-9,907,269
Employee benefits expense	32	-26,631,046	-27,621,684
Impairment and amortization expense	33	-14,551,498	-14,563,234
Other expenses	34	-1,986,889	-1,840,772
Other gains/losses from operations - net	35	-16,861	1,003,844
Financial income	36	723,467	433,448
Financial expense	37	-6,024,768	-4,335,264
Other financial gains/losses (net)	38	2,427,332	2,329,906
Profit before tax		**12,978,202**	**5,641,519**
Income tax expense	21	-1,504,242	-148,005
Expenditure with micro-enterprises tax		0	-29,665
PROFIT FOR THE YEAR		**11,473,960**	**5,463,849**
OTHER COMPREHENSIVE INCOME ELEMENTS			
- elements to be subsequently reclassified under profit or loss when certain conditions are met			
Gains or losses on financial assets available for sale	20	10,717,960	-4,867,750
Deferred income tax related to other comprehensive income elements	20	-1,714,873	778,841
- elements not to be subsequently reclassified under profit or loss when certain conditions are met			
Gains or losses from tangible assets evaluation	18	-3,330,689	13,118,755
Deferred income related to other elements	20	324,454	-2,099,001
OTHER COMPREHENSIVE INCOME ELEMENTS FOR THE YEAR (without tax)		**5,996,853**	**6,930,845**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,470,813**	**12,394,694**

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

CONSOLIDATED STATEMENT OF EQUITY CHANGES AS AT DECEMBER 31-st, 2020

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	Share Capital	Share Capital Adjustments	Reserves	Retained Earnings	Retained Earnings from adopting IAS 29	Other Equity Elements	Share Premium	Own Share	Total Equity
BALANCE AS AT 01/01/2020	**34,342,574**	**164,750,632**	**41,237,159**	**101,990,761**	**-164,750,632**	**8,152,864**	**0**	**0**	**185,723,358**
Profit for 2020	-	-	186,264	5,277,585	-	0	-		5,463,848
Gains or losses on financial assets available for sale	-	-	-	-	-	-4,865,764	-		-4,865,764
Deferred income tax	-	-	-	-	-	778,523	-		778,523
Reserves from revaluation of realized tangible assets	-	-	13,118,755	2,270,935	-	-	-		15,389,690
Reserves from revaluation of unrealized tangible assets	-	-		-	-	-	-		0
Deferred income tax on realized revaluation differences	-	-	-	-363,349	-	-2,100,668	-		-2,464,017
Dividends				-4,497,432			-		-4,497,432
Merger	1,056,575		325,840	2,507,972			1,091,443	-4,087,907	893,923
BALANCE AS AT 12/31/2020	**35,399,149**	**164,750,632**	**54,868,018**	**107,186,472**	**-164,750,632**	**1,964,955**	**1,091,443**	**-4,087,907**	**196,422,130**

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

CONSOLIDATED CASH FLOW STATEMENT AS AT 12/31/2020

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Element Name	12/31/2018	12/31/2020
CASH FLOWS FROM OPERATIONS		
Receipts from clients	86,856,658	69,975,952
Payments to suppliers and employees	-51,907,864	-44,378,322
Interest paid	0	0
VAT and other taxes (except income tax)	-6,145,346	-3,593,568
Income tax paid	-3,251,576	-155,527
Micro-enterprises income tax	5,629,632	-7,693
Other receipts	-5,952,140	2,432,728
Other payments	86,856,658	-1,202,151
I, NET CASH FROM OPERATIONS	**25,229,364**	**23,071,419**
CASH FLOWS FROM INVESTMENTS		
Payments for acquisition of intangible assets	0	0
Payments for acquisition of tangible assets	-28,585,386	-74,324,042
Payments for acquisition of equity instruments	-1,272,740	-4,625,822
Receipts from sale of equity instruments	0	0
Payments for acquisition of own share from merger	0	-4,084,532
Receipts from sale of tangible assets	424,759	0
Cash receipts during from merger	0	1,596,391
Interests received	807,954	371,884
Dividends received	12,181,311	2,832,091
II, NET CASH FROM INVESTMENTS	**-16,444,102**	**-78,234,030**
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from long-term loans	0	47,122,463
Payments from long-term loans	-10,377,082	-21,483,061
Paid interests related to long term loans	-776,570	-260,095
Dividends paid	-10,477,142	-3,897,466
III, NET CASH FROM FINANCING ACTIVITIES	**-21,630,794**	**21,481,841**
IV, NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	**-12,845,532**	**-33,680,770**
V, IMPACT OF EXCHANGE RATE VARIATIONS	**755,192**	**-492,641**
VI, CASH AND CASH EQUIVALENTS AT THE START OF FINANCIAL YEAR	**66,674,552**	**54,584,212**
VII, CASH AND CASH EQUIVALENTS AS AT 31.12.	**54,584,212**	**54,584,211**

GENERAL MANAGER,
DORINEL CAZACU

FINANCIAL MANAGER,
CRISTIAN MIHAI UDUDEC

Notes to the Consolidated Financial Statements
as at December 31-st, 2020
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:	Constanţa, 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:	35,399,149.00 lei, divided in 353,991,490 uncertified shares; the nominal value of one share is 0.10 lei;
- 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.

Since 06/11/2018, in compliance with OGMS Decision dd. 04/26/2018, the Supervisory Board has a 3 members structure. The present structure is as follows:

- DUŞU NICULAE	- President, age 65 years, economist, over 25 years experience in leading positions, owning 12,746,697 SOCEP shares;
- DUŞU ION	- Vice-president, age 63 years, engineer, over 25 years experience in leading positions, owning 7,566,491 SOCEP shares;
- SAMARA STERE	- Vice-president, age 69 years, economist, over 25 years experience in leading positions, owning 39,798,742 SOCEP shares.

The Executive Board has a 5 members structure. This structure throughout the entire year of 2019 was as follows:

- 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.
- Stefanescu Niculaie - Member of the E.B.

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

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 2020 management was provided by Mr. Dorinel Cazacu.

2. FUNDAMENTALS OF PREPARATION

2.1. Declaration of Conformity

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

The consolidated financial statements of the Group have been prepared based on financial statements of SOCEP SA and SOCEFIN SRL.

2.2. Fundamentals of evaluation

The consolidated financial statements have been prepared under the historical cost convention, except for re-assessed value for construction. With the transition to International Financial Reporting Standards implementation, the Group share capital was adjusted to inflation according to IAS 29 "Financial reporting in hyperinflationary economies".

2.3. Business continuity

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

2.4. Functional currency and presentation currency

The consolidated financial statements of the Group are shown in lei (RON), 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 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.
Group Management believes that any differences from these estimates will not have a material 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 fixed assets, evaluate the impairment of inventories and receivables, acknowledge provisions and deferred tax assets.

2.6. International Financial Reporting Standards applied in 2020 and International Financial Reporting Standards issued in 2020 but which are not applied

(a) New standards and amendments – applicable 1 January 2020

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2020:

Definition of Material – Amendments to IAS 1 and IAS 8

The IASB has made amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of

materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify:

• that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

• the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Definition of a Business – Amendments to IFRS 3

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits. The amendments will likely result in more acquisitions being accounted for as asset acquisitions.

Interest Rate Benchmark Reform – Amendments to IFRS 7, IFRS 9 and IAS 39

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide certain reliefs in relation to interest rate benchmark reforms. The reliefs relate to hedge accounting and have the effect that the reforms should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

Revised Conceptual Framework for Financial Reporting

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

• increasing the prominence of stewardship in the objective of financial reporting
• reinstating prudence as a component of neutrality
• defining a reporting entity, which may be a legal entity, or a portion of an entity
• revising the definitions of an asset and a liability
• removing the probability threshold for recognition and adding guidance on derecognition • adding guidance on different measurement basis, and
• stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

(b) Forthcoming requirements As at 31 May 2020 - the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2020.

IFRS 17 Insurance Contracts IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. Contracts are measured using the building blocks of:

• discounted probability-weighted cash flows
• an explicit risk adjustment, and
• a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

Originally 1 January 2021, but extended to 1 January 2023 by the IASB in March 2020 Covid-19-related Rent Concessions – Amendments to IFRS 16 As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments.

In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16 The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37 The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

• IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

• IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

• IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

• IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively.

3. SIGNIFICANT ACCOUNTING POLICIES AND METHODS

3.1. Bases of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the Company. This control exists when the Company has the power to lead, directly or indirectly, financial and operating policies of an entity in order to get benefits from its activity. When assessing control, potential voting rights, or the existing voting rights, or convertible voting rights must also be taken into account.

Financial statements of subsidiaries are to be included into the consolidated financial statements, from the moment the control begins until the moment of its termination.

Intra-Group balances and transactions and the unrealized gains from transactions between Group companies are eliminated. Also, the unrealized losses are eliminated. Accounting policies of the subsidiary have been amended, as appropriate, to ensure compliance with accounting policies adopted at Group level.

As at 12/31/2020, the Company has only one subsidiary, SOCEFIN S.R.L. This subsidiary was founded in 2012.

(b) Associated entities

Associated entities are those companies over which significant influence is exercised. However, the control on financial and operating policies is not exercised.

In the consolidated financial position, Group's share of profit or of loss of the associated entity is reported and acknowledged within the consolidated statement of comprehensive result.

3.2. *Transactions in foreign currency*

Foreign currency transactions are converted 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 from 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".

3.3. 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.

3.4. Tangible assets

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

Subsequent to initial recognition, buildings are assessed 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 against the gross carrying amount of the asset and the 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.

The land is not subject to amortization. Impairment of other items of tangible assets is determined based on linear impairment method and their 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 Group's management estimates that the tangible assets will be used to the end of their physical life, their residual value is zero.

3.5. 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 Group did not conduct 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 in the period in which they are incurred.

3.6. 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.

3.7. Financial instruments

Financial assets and financial liabilities include equity instruments such as: financial assets evaluated at fair value through profit or loss, 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.

3.8. 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).

3.9. Investments in associated entities

Investments in associated entities are valued by the equivalence method.

3.10. Stocks

Stocks are stated at the lowest between cost and net realizable value. Cost is determined using the weighted average cost method (CMP).

In the normal course of business, the net realizable value is estimated based on selling price less costs involved. For the stocks older than one year, Group policy is to record and acknowledge value adjustments at cost level.

3.11. Trade receivables (customers)

Customer receivables are usually collected in a period of less than one year and are therefore treated as current assets. Group policy is to make adjustments for impairment of trade receivables that have not been received within 90 days of the due date. Also, the carrying amount of the trade receivables is approximated to the fair value.

3.12. 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.

3.13. Share capital

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

The Group 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 Office.

3.14. 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.

3.15. 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.

3.16. Current and deferred income tax

Tax expense for the period includes current tax and deferred tax. The tax is recognized in profit or loss of the period, except when it relates to items recognized in other elements of the comprehensive income. In this excepted case, the related tax is also recognized in those other elements of the comprehensive income.

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 and to be applied 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.

Deferred tax receivables and deferred tax liabilities are compensated only when there is a legal right to compensate current tax receivables with current tax liabilities and deferred tax receivables and liabilities are charged by the same tax/fiscal authority.

3.17. Employee benefits

In the normal course of business, the Group makes payments to the Romanian State on behalf of its employees for pension, health and unemployment funds. All Group 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 cumulated during the year in which the related services are rendered by Group 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. The company allocates a part of the cost of benefits in favor of the employee during his working hours, and for this a calculation is used which is performed with sufficient regularity.

3.18. Provisions

Provisions are recognized when the Group has a legal or implicit obligation arising from past events, 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.

3.19. Income recognition

Income is assessed at the fair value of the amount received or to be received from the sale of goods and provision of services in the Group'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 service providing

Income from services providing 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 Group transfers the significant risks and rewards related to the ownership of goods. In case of the Group, the transfer of ownership right occurs upon delivery of products.

c) Interest income

Interest income is recognized on the basis of accrual accounting using the effective interest method.

d) Income from rents

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

3.20. 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.

SOCEP S.A. issued ordinary shares only.

4. 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:

= in lei =

	12/31/2019	**12/31/2020**
Customers and other receivables	17,446,175	20,018,228
Cash and cash equivalents	54,584,211	20,410,800
Total	**72,030,386**	**40,429,028**

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 Group can encounter from fulfillment of obligations associated with financial liabilities which are settled in cash or with other financial assets.

The management of the Group follows the cash requirement forecasts to ensure that there is sufficient cash to meet operational needs.

The management of the Group invests surplus cash in term deposits. To ensure sufficient liquidity, term deposits have a maturity of 3 months. On 12/31/2020, the Group had cash and cash equivalents amounting to 20,410,800 lei.

The Group's liabilities, for the most part, consist of debts to suppliers, employees, state budget and social security fund. The Group does not have contracted bank loans.

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issuance contract no. 209763/05.10.2015). As at 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

The company liabilities on 12/31/2020, amounting to 217,745,432 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 Group liabilities on 12/31/2020 have the following maturities:

= în lei =

	Value	**Maturity of 12 months or less**
Suppliers and other liabilities	16,223,722	9,536,854
Bank loans (including interest)	43,012,076	5,314,650
Liabilities of leases of a right-of-use asset	158,509,634	4,425,973
Total	**217,745,432**	**19,277,477**

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

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issuance contract no. 209763/05.10.2015). As at 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

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:

	12/31/2019		12/31/2020	
Financial assets	**Euro**	**USD**	**Euro**	**USD**
Customers	211.490	46.847	280.302	147.700
Cash and cash equivalents	3.731.768	2.270.255	425.901	470.122
Total financial assets	**3.943.258**	**2.317.102**	**706.203**	**617.822**
Financial liabilities				
Bank loans			8.829.011	0
Suppliers	14.715	0		0
Total financial liabilities	**14.715**	**0**	**8.829.011**	**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 helds equity instruments of companies listed on Bucharest Stock Exchange (those held by SOCEFIN SRL) and unlisted as well (those owned by SOCEP SA).

- interest rate risk

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issuance contract no. 209763/05.10.2015). As at 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

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.

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issuance contract no. 209763/05.10.2015). As at 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

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 available for sale (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
	12/31/2020
ROCOMBI S.A. shares	68,736
ROFERSPED S.A. shares	231,822
TOTAL	**300,558**

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

	= in lei =
	12/31/2019
TRANSGAZ S.A. shares	6,752,097
ROMGAZ S.A. shares	2,831,131
ELECTRICA SA shares	2,105,275
OMV shares	340,341
SIF 3 shares	21,920,257
TOTAL	**33,949,101**

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 12/31/2019 and 12/31/2020 the net result of the two segments of activity had the following values:

Indicators	12/31/2019			12/31/2020		
	Port operation activity	Holding activity	TOTAL	Port operation activity	Holding activity	TOTAL
Income	80,881,875	2,023,869	82,905,744	73,075,930	3,052,002	76,127,932
Expense	71,372,415	59,371	71,431,786	70,617,136	46,946	70,664,082
Net result	**9,509,460**	**1,964,498**	**11,473,958**	**2,458,794**	**3,005,055**	**5,463,850**

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

	12/31/2019			12/31/2019		
	Port operation activity	Holding activity	TOTAL	Port operation activity	Holding activity	TOTAL
ASSETS						
Tangible assets	101,198,145		101,198,145	180,977,705		180,977,705
Real estate investments	3,201,307		3,201,307	3,143,598		3,143,598
Intangible assets	62,827		62,827	2,038,439		2,038,439
Right-of-use asset	149,407,224		149,407,224	150,788,747		150,788,747
Fair value evaluated shares through other elements of comprehensive income	409,044	34,082,544	34,491,588	383,614	33,866,046	34,249,660
Other long term investments	7,054,697		7,054,697	780,587		780,587
TOTAL NON-CURRENT ASSETS	**261,333,244**	**34,082,544**	**295,415,788**	**338,112,690**	**33,866,046**	**371,978,735**
Stocks	1,306,149		1,306,149	914,175		914,175
Clients and other receivables	15,946,258	28,557	15,974,815	19,992,312	25,916	20,018,228
Income tax	1,480,697	-9,336	1,471,361	1,115,533		1,115,533
Accrued charges	180,184	0	180,184	208,004		208,004
Cash and cash equivalents	41,966,630	12,617,581	54,584,211	9,398,706	11,012,094	20,410,800
TOTAL CURRENT ASSETS	**60,879,918**	**12,636,802**	**73,516,720**	**31,628,729**	**11,038,010**	**42,666,739**
TOTAL ASSETS	**322,213,162**	**46,719,346**	**368,932,508**	**369,741,418**	**44,904,056**	**414,645,474**
NONCURRENT LIABILITIES						
Deferred tax liabilities	3,782,811	1,575,638	5,358,449	6,369,311	309,298	6,678,609
Other liabilities	0	0	0	8,260		8,260

Liabilities of leases of a right-of-use asset	148,832,525	0	148,832,525	154,083,661		154,083,661
Long term bank loans	10,929,369	0	10,929,369	37,697,425	0	37,697,425
Deferred income		0	0	0	0	0
Provisions for employee benefits	548,796	0	548,796	79,883	0	79,883
TOTAL NON-CURRENT LIABILITIES	**164,093,501**	**1,575,638**	**165,669,139**	**198,238,540**	**309,298**	**198,547,838**
CURRENT LIABILITIES						
Suppliers and other liabilities	6,008,078	1,329	6,009,407	9,224,704	1,329	9,226,033
Other liabilities	0			288,849		288,849
Current income tax liabilities	0	0	0	0		0
Current income of micro-entreprises	0	0	0		21,972	21,972
Liabilities of leases of a right-of-use asset	4,961,000		4,961,000	4,425,973	0	4,425,973
Provisions	320,379	0	320,379	372,441	0	372,441
Deferred income	33,829	0	33,829	25,588	0	25,588
Long term bank loans (maturing in up to one year)	6,163,242	0	6,163,242	5,294,559	0	5,294,559
Interest related to long term loans	52,154	0	52,154	20,091	0	20,091
TOTAL CURRENT LIABILITIES	**17,538,682**	**1,329**	**17,540,011**	**19,652,205**	**23,301**	**19,675,506**
TOTAL LIABILITIES	**181,632,183**	**1,576,967**	**183,209,150**	**217,890,745**	**332,599**	**218,223,344**

NOTE 7 ASSETS RELATING TO THE RIGHTS OF USE

Since 2019, IFRS 16 'Leases' replaces the existing leasing instuctions, 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 caluation 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 leas 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 amotized 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 wich a discount factor equal to the marginal interest rate is applied. The marginal interest rate applied to these leasing debts was 0.95%.

The application of IFR 16 starting with the year 2019 took into account the rent Contract no. CNAPM-00082-IDP-01, conclueded between Socep SA and the National Company of Ports Maritime Administration S.A. Constanta; on 12/31/2020 the consequences are:

c) on the Statement of financial position:
- recognition of on asset related to the use rights amounting to 150,788,747 lei;
- recognition of a debt related to this right in the amount of 158,509,634 lei, 154.083.661 lei long – term debts and 4,425,973 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 5,044,415 lei;
- increase of financial expenses with the amount of 4,107,235 lei;

In conclusion, the application of IFRS 16 has the following impact on:
- assets and liabilities of the company – increase of 158,509,634 lei;
- the result of the financial year of 2020 – decrease by 9.151,650 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 duet o asset growth;

In 2020, the interest rate was updated in accordance with existing conditions.

Thus, the lease no. CNAPM-00082-IDP-01, 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 2020	
Cost	154,226,812
Accumulated amortization	-4,819,588
Net carrying value	**149,407,224**
Year 2020	
Initial net carrying value	149,407,224
Receipts	6,425,938
Disbursements	0
Amortization for disbursements	0
Amortization expense	-5,044,415
Final net carrying value	150,788,747
At December 31-st 2020	
Cost	160,652,750
Accumulated amortization	-9,864,003
Net carrying value	**150,788,747**

Leasing debts related to the rights of use:

at **12.31.20**	Short term	Long term	total
Leasing debts related to the rights of use	4,425,973	154,083,661	158,509,634

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 01/01/2020							
Revaluated cost or value	40,188,879	101,799,892	575,869	3,201,307	21,489,126	1,766,799	169,021,872
Accumulated amortization	-6,752,723	-57,432,484	-437,213	0	0	0	-64,622,420
Net carrying value	**33,436,156**	**44,367,408**	**138,656**	**3,201,307**	**21,489,126**	**1,766,799**	**104,399,452**
Year ended on 01/01/2020							
Initial net carrying value	33,436,156	44,367,408	138,656	3,201,307	21,489,126	1,766,799	104,399,452
Receipts	18,670,430	21,550,342	118,055	861,317	67,751,848	4,943,728	113,895,720
Disbursements	-12,561,494	-402,746	0	-919,026	-17,117,345	-19,733	-31,020,344
Amortization for disbursements	11970270	402,746		0	0	0	12,373,016
Amortization expense	-5,268,581	-10,139,837	-118,123	0	0	0	-15,526,541
Net carrying value	**46,246,781**	**55,777,913**	**138,588**	**3,143,598**	**72,123,629**	**6,690,794**	**184,121,303**
As at 12/31/2020							
Revaluated cost or value	46,297,815	122,947,488	693,924	3,143,598	72,123,629	6,690,794	251,897,248
Accumulated amortization	-51,034	-67,169,575	-555,336	0	0	0	-67,775,945
Net carrying value	**46,246,781**	**55,777,913**	**138,588**	**3,143,598**	**72,123,629**	**6,690,794**	**184,121,303**

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.

In 2003, following the resolution dated 04/01/2003 of GSM and in accordance with Law 31/1991, as amended and supplemented, and GEO 28/2002, the company share capital was increased by incorporating revaluation differences in the amount of 13,874,888 lei.

The company constructions were last revaluated on 31 December 2020 by an independent assessor, as follows:

- 15,389,690 lei - value increase, recorded in the credit of unrealized revaluation reserves account;
- 306,164 lei - value reduction, recorded in the profit and loss 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.

Main acquisitions put into operation during this year were:

→ merger	7,270,870 lei
→ purchase	17,140,612 lei
→ own construction	5,762 lei

The value of fixed assets put into operation during the year 200, depending on their nature is the following:

- Construction – 13,751 lei:
- Technical installations, equipment, means of transport – 248,234 lei;
- Furniture, office – 12,619 lei;

The fixed assets, depending on the place of use, are presented as follows:

- ADMINISTRATIVE OFFICES – 29,733 lei;
- ADMINISTRATIVE OFFICES PORT VECHI – 6,432 lei
- CONTAINER TERMINAL -8,724 lei;
- BULK AND GENERAL CARGO TERMINAL – 17,095,723 lei;

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

- Modern grain terminal;
- Sing CF;

Tangible assets in the amount of 1721,088 lei were disposed of, by scrapping/sale.

NOTE 9. INTANGIBLE ASSETS

Lei

	Computer licenses and software
As at 01/01/2020	
Cost	1,186,588
Accumulated amortization	-1,179,464
Net carrying value	**7,124**
As at 12/31/2020	
Initial net carrying value	7,124
Receipts	1,971,907
Disbursements	0
Amortization for disbursements	0
Amortization expense	-49,052
Final net carrying value	1,929,979
As at 12/31/2020	
Cost	3,158,495
Accumulated amortization	-1,228,516
Net carrying value	**1,929,979**

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.

On 12/31/2020, the company had recorded a total amount of 108,460 lei advances of intangible assets, amount related to general cargo records.

In the years 2019 and 2020no impairment of intangible assets have been recognized, as per IAS 36 "Asset impairment". No losses from impairments during 2020 have been recognized.

NOTE 10. FINANCIAL ASSETS AVAILABLE FOR SALE

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 SOCEFIN 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 SOCEFIN. The shares are listed on BSE and are measured at fair value.

- ✓ Shares in TRANSGAZ SA held by SOCEFIN. The shares are listed on BSE and are measured at fair value.
- ✓ Shares in ROMGAZ SA held by SOCEFIN. The shares are listed on BSE and are measured at fair value.
- ✓ Shares in OMV PETROM SA held by SOCEFIN. The shares are listed on BSE and are measured at fair value.
- ✓ Shares in SIF 3 held by SOCEFIN. 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 12/31/2019 and on 12/31/2020 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 01/01/2020	**116,473**	**222,089**	**338,562**
Entries	0	0	**0**
Value increases	0	9,733	**9,733**
Value decreases	-47,7370		**-47,737**
Value as at 12/31/2020	**68,736**	**231,822**	**300,558**

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

Lei

	01/01/2020	**Fair value increases**	**Fair value decreases**	**Entries/ Outputs**	**12/31/2020**
TRANSGAZ S.A. shares	8,589,240		-1,837,143		6,752,097
ROMGAZ S,A. shares	3,737,899		-906,768		2,831,131
ELECTRICA S.A. shares	1,786,548	306,153	-8,670	21,244	2,105,275
OMV PETROM shares	418,522		-78,180		340,341
SIF 3 shares	19,620,817		-2,326,382	4,625,821	21,920,257
TOTAL	**34,153,026**	**306,153**	**-5,157,143**	**4,647,065**	**33,949,101**

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 has constituted guarantees in the form of deposits, by recording the amounts in the guarantee accounts, as follows:

- Lease contract CNAPMC – 00082 -IDP – 01 concluded between SOCEP SA and C.N. Maritime Port Administration S.A. Constanta, 691,198.86 lei;
- Concession contract no. 94 concluded with the Administration of the Free Zone Constanta Sud, 25,779.24 lei;
- Guarantees taken over after the merger, amounting to 63,608,80 lei.
-

NOTE 13. STOCKS

Stocks held on 31/12/2020 are mainly composed of consumables. Their values were:

	12/31/2019	12/31/2020
Consumables	2,990,733	2,826,460
Goods	6,724	6,670
Adjustments for stock impairment	-1,705,658	-1,926,635
Advance payments for stocks and providing services	14,350	7,680
Total	**1,306,149**	**914,175**

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 1,926,635 lei.

NOTE 14. CUSTOMERS AND OTHER RECEIVABLES

Lei

	12/31/2019	12/31/2020
Trade receivables (customers)	15,025,562	16,480,751
Adjustments for customer receivables impairment	-742,757	-752,293
Trade receivables – carrying value	14,282,805	15,728,458
Other receivables	3,429,434	6,030,751
Adjustments for impairment sundry debtors	-1,737,423	-1,740,982
Other receivables - carrying value	1,692,011	4,289,770
Total	**15,974,815**	**20,018,228**

Both trade receivables and other receivables are current assets.

The evolution of adjustments for customer receivables impairment and for sundry debtors impairment during 2020 was as follows:

	Adjustments for impairment of customer receivables	Adjustments for impairment of sundry debtors
Balance as at 01/01/2020	742.757	1,737,423
Increases	492,543	8,059
Decreases	-483,008	-4,500
Balance as at 12/31/2020	**752,293**	**1,740,982**

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

Other receivables include:

	12/31/2019	12/31/2020
Advance payments for stocks and providing services	205,153	116,863
Taxes, charges to be recovered and other receivables	190,054	562,937
VAT to be recovered	653,469	2,723,223
Sundry debtors	2,380,548	2,627,728
Total	**3,429,434**	**6,030,751**

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 12/31/2020, these were amounting 208,003.70 lei.

NOTE 16. CASH AND CASH EQUIVALENTS

	12/31/2019	12/31/2020
Cash and bank accounts	35,437,723	4,217,601
Short-term bank deposits	19,144,488	16,193,199
Total	**54,584,211**	**20,410,800**

Cash and cash equivalents in foreign currency were measured in the financial statements based on exchange rates valid on 12/31/2019, namely 4.8694 lei/Euro and 3.9660 lei/USD.

NOTE 17. SHARE CAPITAL

The company’s share capital is fully subscribed and has a value of 35,399,149 lei. It consists of 353,991,490 dematerialized registered shares. The nominal value of a share is 0.10 lei. After the application of IFRS, the company's share capital was adjusted to inflation. The adjustment amount is 164,750,632 lei.

During 2020, the merger by absorption between SOCEP SA and Casa de Expeditii Phoenix SA was carried out, as a result of which the following changes took place:

- a number of 7,768,732 shares were redeemed by SOCEP SA, from the shareholders who withdrew from the company, amounting to 4,087,907 lei;

- the share capital was increased by issuing a number of 10,565,746 shares, having a value of 1,056,574.60 lei;

- it was registered as the capital premium, the merger premium amounting to 1,091,443.46 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 01/01/2020	**18,683,277**	**6,868,515**	**10,047,519**	**5,048,301**	**40,647,612**
Profit distribution (earnings for the year)	0	130,340	0	55,924	186,264
Surplus from revaluation realized	-2,270,935	0	0	0	-2,270,935
Reserve for revaluation real estate investments at fair value	15,389,690	0	0	0	15,389,690
Reserves from reinvested profit	0	0	0	0	0
Reserves from merger	0	47,528	867,860	0	915,388
As at 12/31/2020	**31,802,032**	**7,046,382**	**10,325,831**	**5,104,225**	**54,868,018**

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 793,221 lei.

NOTE 19. RETAINED EARNINGS

Lei

	Retained earnings from undistributed profits	Result of the semester	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 01/01/2020	**71,867,820**	**0**	**-1,282,715**	**16,870,699**	**3,142,346**	**90,598,150**
Distributed legal/others reserve		-186,264		0	0	-186,264
Result for the year	10,646,863	5,463,850				16,110,712
Surplus from revaluation realized				2,270,935		2,270,935
Income tax related to revaluation surplus realized			-	-363,350	0	-363,350
Dividends	-4,497,432					-4,497,432
Taken from merger				3,253,721		3,253,721
As at 31/12/2020	**78,017,251**	**5,277,586**	**-1,282,715**	**22,032,006**	**3,142,346**	**107,186,472**

NOTE 20. OTHER EQUITY ELEMENTS

Lei

	Deferred income tax recognized in equity account	Differences from the change in fair value of financial assets available for sale	TOTAL
As at 01/01/2020	**-5,358,449**	**13,511,313**	**8,152,864**
Deferred income tax related to change in fair value of financial assets available for sale	778,841	0	778,841
Change in fair value of financial assets available for sale	0	-4,867,750	-4,867,750
Deferred income tax related to revaluation surplus realized	-2,099,001	0	-2,099,001

As at 12/31/2020	**-6,678,609**	**8,643,563**	**1,964,955**

NOTE 21. DEFERRED INCOME TAX AND CURRENT INCOME TAX;

During 2020 SOCEP SA and SOCEFIN SRL have paid their income taxes.

a) Deferred income tax

b)

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

Lei

Deferred income tax assets	Stocks (stock adjustments)	Receivables (receivable adjustments)	Provisions	Reinvested Profit	Total
As at 01/01/2020	**272,905**	**396,829**	**88,733**	**117,968**	**876,435**
Recorded/credited in profit or loss for the period	-24,850	-78,001	-100,236	0	-203,086
Recorded/debited in profit or loss for the period	60,206	80,096	25,209	8,948	174,459
As at 12/31/2020	**308,262**	**398,924**	**13,707**	**126,915**	**847,807**

Deferred income tax liabilities

Lei

Deferred income tax liabilities	Revaluation reserves	Financial assets available for sale	Total
As at 01/01/2020	**3,197,781**	**2,160,668**	**5,358,449**
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	2,462,350	-778,841	1,683,510
Recorded/debited in other elements of comprehensive income	-363,350	0	-363,350
As at 12/31/2020	**5,296,782**	**1,381,827**	**6,678,609**

c) Current income tax

	12/31/2019	Lei 12/31/2020
Balance on 01 January	784,267	-604,262
Increases	1,872,383	482,728
Decreases	-3,251,576	-146,191
Balance on 31 December	-594,926	-267,725

c) Expense with current income tax

	12/31/2019	Lei 12/31/2020
Profit before tax	22,386,614	2,183,229
Deductions - reserve fund	-9,899,627	0
Non taxable income	-14,136,636	-2,769,063
Non deductible expenses	14,265,706	2,640,596
Elements similar to income	2,027,840	2,270,935
Taxable profit	14,643,897	4,325,696
Income tax calculated at 16%	2,343,023	692,111
Sponsorships in the previous year	0	-104,175
Sponsorships	-457,625	-13,000
Deduction of reinvested profit	-13,016	-8,948
Fiscal facility	0	-83,261
Current income tax expense	1,872,383	482,728

d) Income tax expenses

	12/31/2019	Lei 12/31/2020
Current income tax expenses	1,872,383	482,728
Deferred income tax expense	43,946	203,086
Deferred income tax revenues	-412,088	-537,809
Income tax expenses	1,504,241	148,005

Expenditures on taxes and incomes of micro-enterprises

For the year 2020, Socefin SRL is a taxpayer on the income tax of micro-enterprises, owing a tax of 21,972 lei.

NOTE 22. OTHER LIABILITIES

Other debts include the financial leasing contract taken over following the merger by absorption, having as object a motor vehicle. Its duration extends until 30.05.2022, and its balance on 31.12.2020 was 27,800.36 lei, of which due in one year 19,540.80 lei, and in one year 8,259.56 lei.

Also, in this category are included the guarantees offered by SOCEP SA by third parties, having a value of 269,308.12 lei. They have a maturity of more than one year.

NOTE 23. BANK LOANS

The company has contracted a bank loan amounting to 35,090,000 lei on 10/05/2015 from BRD. Till now the amount of 32,152,074.80 lei has been withdrawn and used. This loan was used for partial payment of the import letter of credit amounting to 8,710,550 Euro (opened at BRD on the request of SOCEP, in favour of beneficiary PACECO ESPAŇA S.A., as per credit letter issuance contract no. 209763/05.10.2015). As at 12/31/2020, credit balance was 11,912,758.77 lei.

During 2020, the company contracted, from BRD, another bank loan, denominated in euro, with the purpose of financing the project Modern Cereal Terminal, an ongoing facility. His balance on 31.12.2020 is 31,079,225.69 lei.

The interest due at the end of 2020 was 20,091.07 lei.

NOTE 24. DEFERRED INCOME

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

	12/31/2019	12/31/2020
Donations for investments	0	0
Other revenues	33,829	25,588
TOTAL	**33,829**	**33,829**

NOTE 25. SUPPLIERS AND OTHER PAYABLES

The suppliers and other payables statement is as follows:

	12/31/2019	12/31/2020
Trade payables	3,226,519	5,789,264
Suppliers for fixed assets	806,119	3,163,418
Salaries due	1,041,515	861,477
Unclaimed Dividends	664,436	1,373,592
Social security and other taxes	1,034,046	1,200,370
Other payables	42,891	760
Total	**6,009,407**	**9,226,033**

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

	12/31/2019	12/31/2020
Social security	870,235	934,250
Salary tax	163,811	168,977
VAT	0	0

Tax withheld at the income source	0	97,712
TOTAL	**1,034,046**	**1,200,939**

On 31/12/2020, 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:

	12/31/2019	12/31/2020
Provisions for disputes/litigations	100,000	0
Provisions for employee benefits	548,796	79,883
Other provisions	220,379	372,441
TOTAL	**869,175**	**452,324**

The provision for employee benefits, in the amount of 79,883 lei, is constituted for the amounts to be granted to the company's staff, at the level of three employment salaries for each, received on the retirement date.

During 2020, the company changed the policy of granting benefits to employees paid in the form of three average gross salaries at the time of retirement for the age limit, establishing the following: payment of two average gross salaries at retirement and uninterrupted seniority in the last five years prior to retirement, within SOCEP SA.

As a result of this change, it was necessary to change the calculation of the provision, from its establishment for all employees at the end of a year, to the establishment of the provision, only for employees who have a period of 5 years to the legal retirement limit, with provided that this period is carried out within Socep.

This policy change generated a decrease in the provision established in 2019.

NOTE 27. INCOME (turnover)

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

Lei

	12/31/2019	12/31/2020
Income from port services performed	76,177,535	66,213,427
Income from rents	362,832	404,354
Other income (sale of goods)	569,957	140,030
Commercial discounts granted	-189,119	-318,099
TOTAL	**76,921,205**	**66,439,712**

Turnover detailed by port terminals as determined by Group management, is as follows:

Lei

	12/31/2019	12/31/2020
I. GENERAL CARGO		
Cargo handlings	35,016,085	33,938,772
Storage	12,778,794	7,365,723
Other services	779,346	968,764
South Agigea Area	243,272	209,182
TOTAL	**48,817,497**	**42,482,442**
II, CONTAINERS		
Handlings	27,391,437	22,726,226
Storage	594,457	930,042
Other services	117,814	301,002
TOTAL	**28,103,708**	**23,957,270**
III. TOTAL COMPANY		
Handlings	62,407,522	56,664,998
Storage	13,373,251	8,295,765
Other services	897,160	1,269,766
South Agigea Area	243,272	209,182
TOTAL	**76,921,205**	**66,439,712**

NOTE 28. OTHER INCOME

Lei

	12/31/2019	12/31/2020
Despatch and penalties	152,370	292.472
Miscellanea	510,327	717.606
Earnings from fair value assessment of inv. assets	170,888	535.115
TOTAL	**833,585**	**1.545.193**

Other income included amounts from invoicing despatch (due for early operation of ships), meaning 292,472 lei.

NOTE 29. RAW MATERIALS AND CONSUMABLES

Lei

	12/31/2019	12/31/2020
Expenses with consumables	6.270.735	5.750.287
Expenses with other materials	270.346	287.821
Expenses with materials not stored	94	0
Expenses with energy and water	1.670.018	1.770.710
TOTAL	**8.211.193**	**7.808.818**

NOTE 30. COST OF SOLD GOODS

		Lei
	12/31/2019	**12/31/2020**
Expenses with goods	135,711	33,543

NOTE 31. SERVICES PROVIDED BY THIRD PARTIES

		Lei
	12/31/2019	**12/31/2020**
Maintenance and repair expenses	1.456.888	1,305,995
Rent expenses	162,330	317,346
Insurance expenses	247,079	314,360
Protocol, advertising and publicity expenses	146,784	94,262
Expenses with charges and fees	937,501	283,253
Cargo and staff transportation expenses	118,394	128,813
Travel expenses	192,686	6,032
Postal and telecommunication expenses	109,989	139,065
Bank service expenses	75,647	24,340
Rail cars shifting expenses	603,186	494,083
Port service expenses	3,844,517	3,797,594
Sanitation expenses	465,911	421,572
Occupational safety expenses	47,146	57,339
Fire protection, safety expenses	1,025,093	1,536,024
Computer service expenses	275,757	294,013
Expenses with subscriptions, contributions	85,214	97,648
Audit, consultancy, BSE expenses	233,413	161,999
Expenses with charges, authorizations	117,450	149,728
Schooling/training expenses	29,650	77,115
Other expenses	194,786	206,688
TOTAL	**10,369,421**	**9,907,269**

NOTE 32. EMPLOYEE BENEFITS COST

		Lei
EXPENSES	**12/31/2019**	**12/31/2020**
Salaries and meal vouchers	25.371.031	26,326,242
Social security expenses	1,260,015	1,295,442

TOTAL	**26,631,046**	**27,621,684**

Benefits for Management Board and Supervisory Board members:

		Lei
EXPENSES	**12/31/2019**	**12/31/2020**
Executive Board benefits	949,324	890,792
Social security related to Executive Board benefits	21,360	20,042
Supervisory Board benefits	931,477	820,561
Social security related to Supervisory Board benefits	20,958	18,462
TOTAL	**1,923,119**	**1,749,858**

	12/31/2019	**12/31/2020**
AVERAGE NUMBER OF EMPLOYEES	380	389

NOTE 33, AMORTIZATION EXPENSES

		Lei
	12/31/2019	**12/31/2020**
Expenses with the amortization of intangible assets	317,079	49,052
Expenses with the amortization of tangible assets	9,414,831	9,469,767
Expenses from revaluation of tangible assets	4,819,588	5,044,415
TOTAL	**14,551,498**	**14,563,234**

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.

		Lei
	12/31/2019	**12/31/2020**
Expenses with taxes and charges	810,638	927,490
Losses from receivables	886	403,877
Damages, fines, penalties	421,168	148,409
Donations	0	9,605
Sponsorships	561,800	13,000
Other operating expenses	192,397	338,391
TOTAL	**1,986,889**	**1,840,772**

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

NOTE 35. OTHER OPERATIONAL GAINS/LOSSES – NET

	12/31/2019	Lei 12/31/2020
Income from of production of fixed assets	114,944	1,418,583
Income from disposal of assets	356,940	29,412
Expenses on disposal of assets	-5,246	-318,342
Income from operating subsidies		7,382
Income from provisions	70,819	892,023
Expenses from provisions	-396,680	-465,629
Income from adjustments of stocks and customer receivables	203,847	642,818
Expenses for adjustments of stocks and customer receivables	-359,287	-797,657
Income from exchange rate differences, less those for cash and cash equivalents	40,528	362,475
Expenses from exchange rate differences, less those for cash and cash equivalents	-42,726	-767,221
TOTAL	**-16,861**	**1,003,844**

NOTE 36. FINANCIAL INCOME

Financial income includes income from interests and other income.

	12/31/2019	Lei 12/31/2020
Income from interests	672,254	369,740
Other financial income	51,213	63,708
TOTAL	**723,467**	**433,448**

NOTE 37. FINANCIAL EXPENSES

	12/31/2019	= in lei = 12/31/2020
Interest expenses	753,520	228,029
Interest expenses of right-of-use asset	5,271,248	1,106,361
Other expenses	0	3,000,874
TOTAL	**6,024,768**	**4,335,264**

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.

Lei

	12/31/2019	12/31/2020
Income from shares	1,704,169	2,832,091
Income from exchange rate differences	1,524,153	986,986
Expenses from exchange rate differences	-775,999	-1,479,627
Expenses for impairment of financial assets	-24,991	-9,543
Net financial gains (losses)	**2,427,332**	**2,329,906**

NOTE 39. TRANSACTIONS WITH AFFILIATED PARTIES

In 2020, the company had transactions with the following affiliated parties: CASA DE EXPEDIŢII PHOENIX SA CONSTANŢA, CELCO SA CONSTANȚA, IT is generated by the existence of common members in their management bodies.

Sales of goods and services

Company	**12/31/2019**	**12/31/2020**
Casa de Expediții Phoenix S.A.		
Sales of goods	-	-
Sales of services	726,286	217,644
Sales of fixed assets	-	-
TOTAL (VAT INCLUDED)	**726,286**	**217,644**

Purchases of goods and services

Company	**12/31/2019**	**12/31/2019**
Casa de Expeditii Phoenix S.A.		
Purchases of goods	72,668	14,375
Purchases of services	173,406	19,433
Purchases of fixed assets	-	-
TOTAL (VAT INCLUDED)	**246,074**	**33,433**
CELCO S.A.		
Purchases of goods	1,673	1,021
Purchases of services	-	-
Purchases of fixed assets	-	-
TOTAL (VAT INCLUDED)	**1,673**	**1,021**

Balances on December 31st, 2020 resulting from sales/purchases of goods/services is 0.

NOTE 40. ECONOMIC AND FINANCIAL INDICATOR

	INDICATORS	CALCULATION	RESULTS	
			12/31/2018	12/31/2019
1.	Current liquidity	Current assets/Current liabilities	4.19	2.17
2.	Indebtedness	Borrowed capital / Equity x 100	89.20	101.08
		Borrowed capital / Capital employed x 100	47.15	50.27
3.	Rotation speed of customers flows	Average customer balance / Turnover x 360	70.89	86.02
4.	Rotation speed of fixed assets	Turnover/Fixed assets	0.26	0.18

NOTE 41. CONTINGENT ASSETS AND LIABILITIES

A contingent liability is:

- a potential obligation, arising from past events and the existence of which will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events, which cannot be fully controlled by the Group;

or

- a current obligation arising from past events that is not recognized because:
- it is not likely that an outflow of resources with economic benefits will be necessary to settle the obligation;
- the amount of the debt cannot be assessed sufficiently credibly.

Contingent liabilities are not recognized in the Company's financial statements, but are presented in the notes, unless the possibility of outflows of resources incorporating economic benefits is removed.

A contingent asset is a potential asset that arises as a result of past events and whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events that are not fully controlled by the Company. A contingent asset is not recognized in the Company's financial statements, but is presented when an inflow of economic benefits is probable.

Thus, as a contingent debt, the Company registers on the role of the Constanta Court the file no. 33562/212/2019.

On 02.02.2018 inside SOCEP SA, an event took place during the unloading activity of a CF wagon, resulting in an injury by hitting an employee. The company is civilly liable together with another of its employees. Moral damages in the amount of 300,000 euros and material damages in the amount of 9,254 lei are requested

The case is pending before the court and it will rule on the requested claims.

NOTE 42. EVENTS AFTER THE REPORTING PERIOD

We mention that subsequent to preparation of individual financial statements and prior to their authorization for publication, significant events have occurred which can influence the financial position and performance of the Group.

At the time of preparing the financial statements, there is a risk of affectimg the company's activity, as a result of the global and national effects of the Covid 19 epidemic. The management of the company has implemented procedures to protect the employees, and is considering resource management measures in correlation with the evolution of the situation, so as to limit the impact on the financial results, as well as ensuring the continuity of the company's activity.

GENERAL MANAGER,	FINANCIAL MANAGER,
DORINEL CAZACU	CRISTIAN MIHAI UDUDEC

III.4 REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

SOCEP S.A.
Incinta Port Constanţa Dana 34,
Constanţa

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 financial statements of SOCEP S.A. (SOCEP S.A. or the "Company"), located in Constanta, Incinta Port Constanta Dana 34, identified by the registration code RO 1870767, which comprise the statement of financial position as at December 31, 2020 and the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

2. The consolidated financial statement is identified as follows:
   - Net Assets/Shareholder's Equity 196,422,130 lei
   - Net profit 5,463,849 lei

3. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects the financial position of the Company as at December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with the O.M.F.P. no. 2844/2016 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards (IFRS).

Basis for opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), the *EU Regulation no. 537 of the EU Parliament and Council (further referred to as the "Regulation")* and the Law no. 162/2017 (the "Law"). Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our report. We are independent of the Company according to the Ethics Code for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit proof we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other aspects

5. At the date of our report the European economies continue to be disrupted by the COVID-19 pandemic, the Romanian market making no exception from this. Those evolutions would, consequently, affect the future business of the Group, without having the possibility to assess the level of such disruption at this date. Management is monitoring the events and the effects on the Group's business.

6. Note 41 "Contingent Assets and Liabilities" to the financial statements describes a court case where the Company is subject to a claim that would be settled depending on the litigation final result. Management considers that that litigation is in progress and the outcome cannot foreseen at the date of the financial statements. Our opinion is not modified in that sense.

7. Note 26 „Provisions" describes the fact that the Company has had a policy change concerning employee benefits and the way they are allowed. As such the provision policy has been changed. Management is considering the period for employee benefit according to the new employee benefits policy.

Other Information – Administrators' Report

8. Company directors are responsible for the preparation and presentation of other information. This other information includes the Administrators' Report, but do not include the financial statements and the audit opinion on those financial statements.

   Our opinion on the financial statements does not refer to this other information and, except when it is mentioned in our report, we do not express any assurance regarding other information.

   Regarding the audit of the financial statements as at December 31, 2020, our responsibility is to read this other information and to assess if this other information is significantly inconsistent with the financial statements or with our knowledge obtained during our audit.

   Regarding the Administrators' Report we have read and report if it has been prepared in accordance with O.M.F.P. no. 2844/2016 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards (IFRS).

   Based exclusively on the work that we have to perform during the audit of the financial statements, in our opinion:

   c) The information disclosed in the Administrators' Report for the financial; year for which the financial statements have been prepared is in accordance, in all material respects, with the financial statements.

   d) The Administrators' Report has been prepared, in all material respects, in accordance with O.M.F.P. no. 2844/2016 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards (IFRS).

   Further, based on our understanding and knowledge obtained during our audit of the individual financial statements prepared for the year ended December 31, 2020 we are requested to report if significant misstatement have been identified in the Administrators'' Report. We have nothing to report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

9. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the O.M.F.P. no. 2844/2016 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

10. In preparing the individual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

13. We are independent towards the Group, in accordance with the Ethics Code for Professional Accountants (IESBA Code) issued by the International Ethics Standards Board for Accountants and we have fulfilled our ethical requirements in accordance with the IESBA Code.

Report regarding other reporting obligations

14. We have been nominated as auditors at the date of the General Shareholders' Meeting in April 28, 2020 for auditing the financial statements of SOCEP SA as at December 31, 2020. The total duration of our engagement is of one year, covering the financial year ended December 31, 2020.

15. We confirm that our opinion is accordance with the supplementary report transmitted to the Company, issued at the same date as our audit opinion. During our engagement we have been independent of the Company.

16. We have not provided any non-audit services, as they are mentioned in article 5, 1st paragraph of the EU Regulation nor. 537/2014

In the name of
JPA Audit și Consultanță S.R.L.
Bd. Mircea Vodă 35, etaj 3, sector 3 Bucuresti
Registered Auditor ASPAAS FA319

Florin Toma — Bucharest
Registered Auditor ASPAAS AF1747 — April 5th , 2021