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## INDEPENDENT AUDITORS REPORT

### To the shareholders of *Compania Națională Administrația Porturilor Maritime S.A. Constanta*

Registered Office: Located within the precincts of Constanța Port, Maritime railway station  
Taxpayer ID No. 11062831

#### Qualified opinion

We have audited the attached financial statements of *Compania Națională Administrația Porturilor Maritime S.A. Constanta*, which include the balance sheet as of 31 December 2020, the profit and loss account, the statement of changes in equity and the cash flow statements prepared for the financial year concluded on that particular date, and also the notes to the financial statements including a summary of the significant accounting policies and other explanatory information. The financial statements cover the following:

Net asset/Total equity:	847,279,677 RON
Net result of the financial year:	130,290,270 RON

In our opinion, except for the issues specified in the paragraph titled *Basis of qualified opinion*, the attached financial statements provide a true and fair view of the Company's financial status as at 31 December 2020, and also a picture of the results of its operations and the cashflows for the financial year concluded on that particular date, in accordance with the provisions of Order No. 1802/2014 of the Minister of public finance to approve the Accounting regulations that govern the annual financial statements, as amended.

#### Basis of our qualified opinion

As described in Note 3 to the attached financial statements as at 31 December 2020, the tangible assets of the Company are disclosed at their fair value established based on a revaluation performed by an independent surveyor as at 31 December 2020, and the value established as at 31 December 2019 is established based on the report prepared as at 31 of December 2017. The two evaluation reports contain arguable and insufficiently-documented assumptions about the calculation base of the fair value. Therefore we were unable to obtain enough additional audit evidence about the value of the tangible assets; the revaluation reserves; the the actual revaluation reserve; the investment subsidies; adjusted value of the tangible assets; the income from investment subsidies; therefore we are unable to realise whether any additional adjustments were necessary as at 31 December 2020 and 31 December 2019.

As described in Note 11 to the attached financial statements, as at 31 December 2020 the



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company had provisions for litigation in the amount of 91 million ron (31 December 2019: 139.8 million ron). In 2020, further to the final and binding solution established by a court of law and further to lower claims requested by the plaintiff, we were able to repost as income certain provisions amounting to 17.5 million RON associated to the litigation started by Romcargo Maritime SRL (which is subject to insolvency procedure handled by a trustee - Artemis Legal Insolvency SRPL) for which some preliminary court decisions existed in favour of the Company at the date when the financial statements were approved as of 31 December 2019. In the case of the dispute with Van Oord Dredging and Marine Contractors BV, the Commercial and Maritime Arbitration Court of the Chamber of Commerce, Industry, Navigation and Agriculture having jurisdiction in Constanta County issued Arbitral Award No. 16/26.11.2019 in case 3/2017 and enforced on the Company obligations worth 33.7 M RON paid in October 2020. Against the Arbitral Award both parties filed actions for annulment, which were rejected as ungrounded. The company will file an extraordinary appeal after the judgment has been served. For prudence reasons, the Company decided to maintain the provision existing as at 31 December 2020 to a value matching the claims of Van Oord Dredging and Marine Contractors BV which had not paid as at 31 December 2020, *i.e.* 80.4 M RON, until the final settlement of the cases in a court of law. Therefore, we were unable to obtain sufficient additional audit evidence regarding (1) the amount of the provision posted for the *Van Oord Dredging and Marine Contractors BV* litigation, and to ascertain whether additional adjustments/reposting was required as at 31 December 2020 and (2) regarding the impact on the 2020 result regarding the reversal of the provision related to Romcargo Maritime SRL. Our opinion for the 2019 FY does features a similar reserve about these issues.

We conducted our audit in accordance with the International Audit Standards ("IAS"), Regulation (EU) No. 537 of the European Parliament and the Council (hereinafter referred to as the "Regulation") and Law No. 162/2017 (hereinafter referred to as the "Law"). The responsibilities that we have according to these standards are described in detail in the section titled "Responsibilities of the auditor when auditing financial statements" in our Report. We are independent from the Company, according to the Ethical Code of the Professional Accountants issued by the International Ethics Standards Board for Accountants (the IESBA code and the applicable regulations) as per the ethical requirements that are relevant to the audit of the financial statements in Romania, including the Regulation and the Law, and we discharged our ethical responsibilities as per these requirements and according to the IESBA code. We believe that the audit evidence we have obtained are enough and proper to supplying a basis for our qualified opinion.

### **Key audit issues**

Key audit issues are those matters that, based on our professional reasons, were the most important to the audit of the financial statements of the current period. All of these issues were studied in the context of the audit of the financial statements as a whole and we

studied them in order to generate our opinion on the respective financial statements.

### **Other information - management report and the non-financial statement**

The management is responsible for "Other information". This "Other information" covers the Management Report and the non-financial statements, but they do not cover the financial statements and the auditors' report about them.

Our opinion about the financial statements does not cover "Other information" and we do not express any assurance conclusion about that matter.

About the audit of the financial statements for the FY ended on 31 Dec. 2020, our responsibility is to study that other information and, by doing so, to estimate whether that information are significantly inconsistent with the financial statements or with the knowledge we acquired during the audit or if they seem to be materially misstated.

With respect to the Management Report and the Non-Financial Statement, we have read and report that they were prepared, in all material respects, in accordance with the requirements of Order No. 1802/2014 approving the Accounting Regulations governing individual annual financial statements and consolidated annual financial statements, points 489-492.

<p><b>Key audit issues</b></p> <p><b>Revenue recognition</b></p> <p>Please see Note 15 - Turnover.</p> <p>The revenue recognition policy is presented in Note 2 "Accounting principles, policies and methods - Revenue recognition".</p> <p>In accordance with the IAS, there is an implicit risk associated to revenue recognition due to the pressure that the management may feel in order to achieve the planned results.</p> <p>The Company's main revenue-generating business involves the lease and use of the port area, energy supply and other port services.</p> <p>Revenues from services are posted in the period when the services were rendered, and in line with the stage of completion.</p>	<p><b>The audit approach:</b></p> <p>Our audit procedures included <i>inter alia</i>:</p> <ul style="list-style-type: none"><li>- understanding and evaluating processes and audits that concern the existence and accuracy of the posted revenue;</li><li>- Sample testing of supporting documents on the basis of which the revenues were recognised;</li><li>- Perform procedures to test that revenues are recorded in the correct period;</li><li>- Sample testing of trade receivables by sending confirmation letters.</li></ul>
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Based solely on the work to be performed during the audit of the financial statements, our opinion is that:

- a) The information presented in the Management Report and the Non-financial Statements for the FY covered by the financial statements match the financial statements in all the significant aspects;
- b) The Directors' Report and the Non-Financial Statement have been prepared, in all material respects, in accordance with Order No. 1802/2014 of the Minister of Public Finance, paragraphs 489-492.

In addition to that, based on our knowledge and understanding of the Company and its business environment, that we acquired while auditing the financial statements of the FY ended on 31 Dec. 2020, we were asked to report whether we have identified material misstatements in the Management Report and the non-financial statement. There is nothing to report on this particular matter.

Responsibilities of the management and persons in charge of governance for the financial statements.

The management is responsible for preparing and presenting a true and fair view of the financial statements that should be compliant with Order No. 1802/2014 of the Minister of Public Finance, and is also responsible for the internal audit which the management considers necessary in order to enable the preparation of financial statements that should not contain any significant misstatements that could be caused by fraud or error.

When preparing the financial statements, the management is responsible for evaluating the Company's capacity to continue its business, while presenting - if necessary - the issues referring to the going concern and using the going-concern principle as a basis for accounting, except for the case where the Company wishes to either wind up the Company or discontinue its operations or has no other realist alternative apart from that.

The persons in charge of governance are also responsible for the supervision of the Company's financial reporting process.

Responsibilities of the auditor when auditing financial statements

Our purposes are to (1) get reasonable reassurance about the extent to which the financial statements - upon the whole - are free of any material misstatements caused by either fraud or error, and (2) issue an auditor's report that includes our opinion. The reasonable assurance involves a high level ISA assurance, but is not a guarantee, warranty of the fact that an audit conducted according to IAS will always detect a material misstatement, if any.



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Such misstatements may be caused by fraud or error and are considered material if it can be expected reasonably that they will either individually or jointly influence the business decisions that user would make based on these financial statements.

When performing an IAS-compliant audit, we use professional reasoning and maintain the professional scepticism all along the audit procedure. Also:

- We identify and evaluate the risks of material misstatement associated to the financial statements caused by either fraud or error, we design and implement audit procedures in response to the respective risks and we provide audit evidence sufficient and proper to building the basis of our opinion. The risk of failure to detect a material misstatements caused by fraud is higher than the risk of failure to detect a material misstatements caused by an error, since fraud may involve collusion, forgery, voluntary omissions, misrepresentation and avoidance of internal audits.
- We do understand to run an internal audit which is relevant for the overall audit mission, in order to design audit procedure that are adequate to the circumstances, but without having the purpose to express an opinion about the efficacy or Company's internal control.
- We evaluate the adequacy of the accounting policies and the reasonable character of the accounting estimates, and the information provided by the management.
- So we prepare a conclusion about how adequately the management used the accounting based on the going concern principle and we establish, based on the audit evidence we get, if there is any significant uncertainty about certain events or conditions that could generate material doubts over the the Company's capacity to continue its business. If we conclude that there is a material uncertainty, we need to draw the attention in the auditor's report upon the disclosures made in the financial statements or, if such disclosures are improper, to amend our opinion. Our conclusions are based on the audit evidence obtained by the time when the auditor wrote its report. In spite of all that, the future or conditions may cause the Company to stop conducting its business based on a the going concern principle.
- We evaluate the presentation, structure and general content of the financial statements, including the disclosures of information, and the extent to which the financial statements reflect the transactions and the underlying evens in a way that generates a true and fair view.

We will also report to the persons in charge of governance, about inter alia the planned areas and the audit calendar, as well as the main audit findings, including any material deficiencies of the internal audit, which we can identify during the audit.



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We also provide to the persons in charge with governance with a statement of our compliance with the ethical independence requirements and disclose to them all relationships and other matters that could reasonably be considered to affect our independence and, where appropriate, we also present the related safeguards.

Of all the issues that we have communicated to the persons in charge of governance, we establish those issues that were the most relevant during the audit for the financial statements of the current period and, therefore, they are considered, key audit issues. We describe these issues in our audit report, except for the cases where the law or regulations prevents public presentation of the respective matters or the where, in extremely rare circumstances, we consider that a certain issue should not be disclosed in our report because it is reasonably expected that - for the sake of the public interest - the negative consequences of such disclosure may be larger than the benefits.

#### Report on other legal provisions and regulations

We were appointed by the General Meeting of Shareholders on 4 March 2019 to audit the financial statements of *Compania Națională Administrația Porturilor Maritime S.A. Constanta* for the financial year ended as at 31 December 2020. The uninterrupted duration of our assignment is 7 years, covering the financial year concluded between 31 Dec. 2014 and 31 Dec. 2020.

We hereby confirm that:

- Our audit opinion is compliant with the additional report that is presented to the Company's Audit Committee, which we issued on the same date when the report was released too. Also, while conducting our audits, we also remained independent from the audited entity.
- We did not provide to the Company the forbidden non-audit services that are specified in Article 5, paragraph (1) of Regulation (EU) No. 537/2014.

#### Other issues

This report is exclusively prepared for the use of the shareholders of the Company. We performed this audit in order to be able to report to the shareholders of the Company on those issues that we have to disclose in a financial audit report, and not for other purposes. Insofar as permitted under the law, we only accept and only undertake responsibility to the Company and its shareholders, upon the whole, for our audit, for this report or for the opinion so created.

On behalf of BDO Audit S.R.L.,



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registered in the Electronic Public Register Of Financial Auditors And Audit Companies under number FA18

*Illegible signature*

*Stamp:*  
*Authority for Public Supervision of Statutory Audit Activities (ASPAAS)*  
*Audit company: BDO AUDIT SRL*  
*Public Electronic Register N° FA18*

Name of partner: Vasile Bulata

registered in the Electronic Public Register Of Financial Auditors And Audit Companies under number AF1480

*Stamp:*  
*Authority for Public Supervision of Statutory Audit Activities (ASPAAS)*  
*Audit company: BDO AUDIT SRL*  
*Public Electronic Register N° FA18*

Bucharest, Romania,

23 April 2021