



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## B.ANNUAL REPORT 2020

### Content

#### INDIVIDUAL ANNUAL FINANCIAL RESULTS

Report of Board of Directors for the individual financial statements	pg. 2
Compliance with the state of Corporate Governance Code of BVB	pg.37
Separate financial statements	pg. 44
Individual statement	pg.105
Independent auditors' report – Separate financial statement	pg.106

#### CONSOLIDATED ANNUAL FINANCIAL RESULTS

Report of Board of Directors for the consolidated financial statements	pg.113
Consolidated financial statements	pg.145
Consolidated statement	pg.204
Independent auditors' report – Consolidated financial statement	pg.205



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

---

## INDIVIDUAL ANNUAL FINANCIAL RESULTS

### **The Report To THR Marea Neagră SA Board of Directors related to the individual financial situations drawn up for the year 2020**

**The annual report according to :** The accounting Law no. 82/1991, OMFP 2844/2016 for the approval of accounting regulations consistent with the International Standards of financial reporting, the Law 24/2017 concerning the capital market and ASF Regulation no. 5/2018 concerning the issuers and the transactions with securities.

Name of the trade company: ***Turism, Hoteluri, Restaurante Marea Neagră S.A.,***

Head Office: **Lavrion Street, No. 29, Mangalia, Constanța County**

Phone number / Facsimil: **0241-75.24.52 / 0241-75.55.59**

Unique Registration Code at the Trade Register Office: **2980547**

Registration Number Trade Register: **J13/696/1991**

The regulated market on which the issued securities are traded: **Stock exchange Bucharest**

Subscribed and paid capital: **57.600.848,70 lei**

The main characteristics of the securities issued by the company: registered, ordinary, dematerialized and indivisible shares with a nominal value of 0.1 lei / share.

## **1. ANALYSE OF THE COMPANY ACTIVITY**

### **1.1. a) Description of the main activity**

The main company's activity of the company **THR Marea Neagra SA** according to the classification is CAEN 5510 code "Hotels and other similar accommodation facilities", namely the accommodation, public catering, balneary treatment and tourist leisure provision of services.

The activity takes place through it's own work points, registered and classified according to the legislative documents in force, disposing of all operating licences provided by the legislation in force.

### **b) Date of the Company's establishment**

The Trade Company **THR Marea Neagra SA** was established on the date of 05.03.1991, having the name of S.C. Eforie S.A. The Company changed her name from Eforie S.A. into T.H.R. Marea Neagră S.A. in the year 2005, according to the delegated judge's conclusion at the Trade Register Office Constanța number 10.687/24.01.2005, and during the year 2010, the Company moved its Registered Office in Mangalia, Lavrion Street, No. 29, Constanța County.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Until the AGEA from the date of 8<sup>th</sup> of November 2020, the Company's Management system was a two-tier system. Starting with this date, it is modified the form of administration of the company from two-tier system to unitary system, the Company's management being performed from now on by the Board of Directors.

## **c) Description of significant mergers and reorganizations**

In the year 2020, no mergers or reorganizations have taken place.

## **d) The description of purchases and/or assets alienations**

In the year 2020, THR Marea Neagra SA continued the development/restructuring Company's strategy, by the sale of some assets from the Company's heritage, namely:

- Atena Complex (building and field) of Saturn;
- Dunarea Restaurant (building and field) of Saturn;
- Gloria Hotel (building) of Eforie Sud;
- Field in an area of 1016 s.m. afferent to Bufet Luna Park of Saturn;

### **1.1.1. Elements of general assessment:**

- |                              |                                                                                                                                |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| a) Total incomes :           | <b>43.566.148 lei</b> (including incomes from annulation of provisions)                                                        |
| b) Total costs               | <b>36.826.900 lei</b> (excluding current, postponed corporate tax, specific tax, for a total amount of <b>2.159.728 lei</b> ); |
| c) Gross profit:             | <b>6.739.248 lei</b>                                                                                                           |
| d) Turnover:                 | <b>23.101.785 lei</b>                                                                                                          |
| e) Available in the account: | <b>20.578.222 lei.</b>                                                                                                         |
| f) Export:                   | it is not the case                                                                                                             |

The company carries out its activity through its working points located in the tourist resorts of national interest: Eforie Nord, Eforie Sud, Neptun, Venus and Saturn, being among the main profile companies in the country.

The company also has hotel units located in the market with well-established positions nationally, some with a European market.

The activity has a pronounced seasonal character, determined by the period of holidays and stays on the Romanian Black Sea coast.

To mitigate the seasonal character, the company has oriented its investment program towards the development of its own capacities for the provision of the spa medical services



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

by using the specific natural treatment factors, currently having 4 own treatment bases within the Hotel Complexes “Hora”, “Balada”, “Sirena” - Saturn and the Hotel Complex “Bran-Brad-Bega” of Eforie Nord.

The operational activity produces revenues that lead to a positive economic-financial result, capable of ensuring the coverage of all operating costs, but also of making profit used partially to finance the investment programs.

The concentration of the revenues realized in a limited period of the year (June-August) implies the temporary financing of the activities from sources drawn, respectively bank loans, which are reimbursed as the collection of the incomes related to the financial year in progress.

## **1.1.2. Assessment of the trade Company's technical level**

Description of the main products made and / or services provided with the specification:

### ***a) the main retail markets for each service and distribution methods***

In the year 2020, THR Marea Neagra SA operated in direct management a number of 4860 places of accommodation and 3720 places of public food, located in the tourist resorts on the Romanian coast of the Black Sea in units classified in category 4 \*, 3 \* and 2 \*.

The main own products are the packages of accommodation services, public food, spa treatment, leisure (spa, swimming pools, cold mud baths).

An important distribution channel is represented by online sales through specialized sites, but also through its own sales site, channels with the highest rise in recent years and with great potential for growth in the market.

The direct sales at hotel receptions, especially at the end of the week, have a significant share in sales.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## *b) Income structure by main service categories:*

Indicators	BVC 31.12.2020 (lei)	Accomplished 31.12.2020 (lei)	Accomplished 31.12.2019 (lei)	Performed index 31.12.2020/ BVC 31.12.2020	Performed index 31.12.2020/ realizat 31.12.2019	Total revenue weights (%)		Total weights Turnover (%)	
						Accomplished 2020	Accomplished 2019	Accomplished 2020	Accomplished 2019
Total incomes, including the revenues from cancellation of provisions and exclusively the postponed income tax	52.752.520	43.566.148	60.010.387	82,59%	72,60%				
Turnover, whereby:	45.778.400	23.101.785	48.663.596	50,46%	47,47%	53,03	81,09	100,00	100,00
-Accommodation	26.168.500	11.861.320	30.471.444	45,33%	38,93%	27,23	50,78	51,34	62,62
- Public catering	13.599.000	5.973.277	14.399.840	43,92%	41,48%	13,71	24,00	25,86	29,59
- Rents	3.424.000	3.485.443	1.616.195	101,79%	215,66%	8,00	2,69	15,09	3,32
Other revenues included in the turnover	2.586.900	1.781.745	2.176.117	68,88%	81,88%	4,09	3,63	7,71	4,47

**Total incomes**, including the revenues from cancellation of provisions and the income related to the deferred income tax, registered by the company in the financial year 2020, are worth **43.566.148 lei**, knowing a realization of 72,60% compared to the total revenues of the year 2019 (60,010,387 lei) and a realization of 82,59% of the approved budget for 2020. From the analysis of revenues, on the main service categories, it is observed a major decrease of incomes from rents, public food service and other incomes, as a consequence of the drastic reduction of tourism circulation, after the start of the SARS-Cov 2 pandemic, pandemic declared by the World Health Organization at the date of 11.03.2020

An important weight in the total revenues is represented by the income from accommodation (11,861,320 lei), which represents 27,23% and the revenues from public food (5,973,277 lei), which represents 13,71%.

Within the total revenues of the year 2020, **the turnover** totals **23,101,785 lei**, which represents a realization of 47,47% compared to the turnover of the previous year (48.663.596lei) and a realization of 50,46% compared to the approved budget for 2020.

The revenues that compose the turnover in 2020 were obtained from the following activities:

- Accommodation;
- Public food service;
- Rents;
- Other additional incomes – services: treatment, parking, swimming pools, etc.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

The largest weight in the turnover structure is represented by the revenues from the accommodation activity – 51,34%.

The revenues from the public catering accounted for 25,86% of the turnover, and the revenues from the rental activity registered a reduced share in the turnover, namely of 15,09%.

The "Other revenues" reflected in the turnover, achieved by carrying out secondary activities (treatment, parking, swimming pools) totaled 1,781, 745 lei, namely a weight of 7,71%.

### ***c) New products envisaged and their stage of development***

The company has as a priority the maintenance, development and creation of new tourism products, taking into account the current market requirements for such services.

Along with its own products materialized in: packages of accommodation services, public food, spa treatment, leisure, etc., the company pursues the development of the existing capacities as well as the development and modernization of the computer system that allows online reservations and other services requested by tourists.

Through the tariff and contracting policy, incentive conditions have been created for tour operators which consist of:

- facilities for families with children;
- the program "Early registrations";
- capping at maximum 18% of sales commissions to agencies against the agreement rates;
- non-commissioning of public catering services by the beneficiary, for which the provider granting a commission of 10%;
- granting additional discounts (by volume) at the end of the season.

Special offers have been launched to boost sales of service packages: "Zile gratuite de vacanță", 'Last minute', offers for the stimulation of online sales, special offers for the month September, participation in programs promoted by employers' organizations in tourism ('Litoralul pentru toți').

Starting with the year 2018 we offer tourists and specific services on the rented beach area from CN Apele Române for a period of 10 years, in Saturn resort.

### **1.1.3. Assessment of the technical-material supply activity**

The technical-material supply was mainly based on the domestic sources of raw materials and materials.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

THR Marea Neagra SA has implemented an integrated management system of quality-environment-food safety (SR EN ISO 9011: 2008, SR EN ISO 14001: 2005 and SR EN ISO 22000: 2005) which also covers the supply segment, being implemented specific operational procedures.

The purchases were made from traditional suppliers, direct producers or importers, large companies, with accreditation on the respective subjects, ISO certified, according to European norms and standards.

Suppliers are selected by a selection committee, based on established criteria and a score, which mainly reflects the price / quality ratio.

Dependence on the main suppliers is small, given the large number of potential suppliers on the market, with similar offers.

Regarding the security of the sources of supply, we specify that all the raw materials purchased are accompanied by certificates of conformity, guarantee certificates, technical data sheets. The stocks of raw materials and materials for the operational activity are minimal, considering that the main activity of the company, the activity of providing tourist services, is carried out during the summer season.

## 1.1.4. Assessment of the sales activity

### *a) Description of the sequential sales evolution on the internal and external market and of the medium and long term sale prospects*

The company mainly operates on the basis of contracts for the provision of tourist services concluded with the travel agencies, the National House of Public Pensions (the treatment contract), other beneficiaries (unions, organized groups, etc.), online sales and for individual tourists arriving on their own.

In 2020, compared to the BVC and the achievements of the previous year, the tourist circulation is presented as follows:

#### **Tourist-days**

Explanation	CNPP	Tourism agencies	Other beneficiaries	Own account + online	TOTAL
<b>Performed on the date of 31 December 2020</b>	<b>64.063</b>	<b>54.730</b>	<b>2.768</b>	24.624	<b>146.185</b>
<b>BVC on the date of 31 December 2020</b>	<b>89.212</b>	<b>198.950</b>	<b>10.400</b>	22.123	<b>320.685</b>
Differences Performed on the date of 31 December 2020/ BVC on the date of 31 Decembrie 2020	(25.149)	(144.220)	(7.632)	2.501	(174.500)
Percentage performed 31 Decembrie 2020/ BVC 31 Decembrie 2020	72%	28%	27%	111%	46%
<b>Performed on the date of 31 Decembrie 2020</b>	<b>103.998</b>	<b>236.654</b>	<b>18.878</b>	27.517	<b>387.047</b>





# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Explanation	CNPP	Tourism agencies	Other beneficiaries	Own account + online	TOTAL
Differences performed 31.12.2020/ Performed 31.12.2019	(39.935)	(181.924)	(16.110)	(2.893)	(240.862)
Percentage performed 31.12.20/ Performed 31.12.19	62%	23%	15%	89%	38%
<b>Weights in the structure on the date of 31.12.2020</b>	<b>44%</b>	<b>37%</b>	<b>2%</b>	<b>17%</b>	<b>100,00%</b>
<b>Weights in the structure on the date of 31.12.2019</b>	<b>27%</b>	<b>61%</b>	<b>5%</b>	<b>7%</b>	<b>100,00%</b>

Accommodation capacity 2020 (places)	4.860
Accommodation capacity 2019 (places)	5.972

As you can see, in 2020 there was a tourist circulation of 146,185 tourist days, representing a decrease compared to the budgeted indicator by 54%, and a decrease compared to 2019 with 62%. The decrease was mainly determined by the crisis generated by COVID-19 but also by the decrease of the accommodation capacity in 2020 compared to 2019 due to the renting and sale of assets.

From the analysis of the tourist circulation, we notice:

- The treatment contract concluded with the National House of Public Pensions (CNPP) ensured in 2020 a tourist circulation of 64,063 tourist days, with 25,149 tourist days less than the budgetary provision and with 39,935 tourist days less than achieved in 2019. This decrease is due to the decrease of the number of places auctioned by CNPP on resorts and because the COVID-19 crisis.
- The tourist circulation through the travel agencies decreased in 2020 compared to 2019, with 181,924 tourist-days, and compared to the budgetary provision registered an decrease with 144,220 tourist-days.
- The company also signed agreements with other beneficiaries (trade unions, associations, etc.), based on which a tourist circulation of 2,768 tourist days was made, compared to 10,400 budgeted tourist days, which represents a decrease of 73 % compared to the budgetary provisions
- The segment of own and online sales registered an increase with 2,501 tourist days compared to the budgeted provision.

Another indicator of the tourist circulation, the number of tourists, registered an evolution similar to the one expressed in tourist-days.

In the coming years we will continue to consider adapting the tariff and contracting policy to the market requirements, creating incentive conditions for tour operators, granting volume discounts, facilities for families with children, the policy for Early Registration,





# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

giving up of commissions to stimulate the sellers and create advantages when selling the public food services. We will pay more attention to the online sales segment.

We are considering the development of special offers designed to ensure an increase of the tourist circulation, as well as a permanent adaptation of the tourist product to the evolution of the market.

## ***b) Description of the competitive situation, the market share of the services and the main competitors***

The company operates in an area where the main activity is represented by its object of activity, namely the provision of accommodation services, public food, leisure, the main attraction representing the beach and the quality of the Black Sea bathing water, as well as the healing qualities. of the main natural resources of spa treatment, the sapropelic mud of Techirghiol, the water of Lake Techirghiol, the mesothermal sulfur water, the sea water and the aerosols.

The area has the highest concentration of tourist capacities, which creates a highly competitive climate.

The external market represents a particular competition with similar products, the tariff policy making the difference, identifying in this sense the Bulgarian coast market as a competitor.

## ***c) Description of any significant dependence of the company on a single customer or on a group of customers whose loss would have a negative impact on the company's revenues***

The tourist products of T.H.R. Marea Neagră S.A. they have a national distribution area, being available on all distribution channels (travel agencies, websites, direct sales, etc.).

As a result, the disappearance of a partner will not significantly affect the distribution of the tourist product.

Share of each distribution channel in total year 2020:

Explanations	CNPP	Tourism agencies	Other beneficiaries	Own account and Online	TOTAL
<i>Tourist days 2020</i>	<i>64.063</i>	<i>54.730</i>	<i>2.768</i>	<i>24.624</i>	<i>146.185</i>
<b>Weight in total 2020 (%)</b>	<b>44%</b>	<b>37%</b>	<b>2%</b>	<b>17%</b>	<b>100%</b>

An important weight in the sale of tourism products is represented by the tour operators, with 37% of the total tourist days performed in 2020.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Also, another important customer, with 44% of the total tourist-days, is the National House of Public Pensions. Considering that the public procurement of this partner is made for the public sector pensioners, the non-acquisition by CNPP of these services does not cancel the consumption demand. The treatment of health being a necessary and continuous process, the product will be placed on other distribution channels, so that the customer can get to buy the necessary product.

## 1.1.5. Assessment of aspects related to the employees / staff of the company

α) Regarding human resources in 2020, compared to 2019, the evolution is as follows:

Crt. No.	Indicator	Number on the date of 31.12.2020	Average number in 2020	Average number in 2019
<b>A</b>	<b>Permanent personal number whereby:</b>	<b>93</b>	<b>94</b>	<b>101</b>
	<i>a)Tesa Personnel</i>	<i>36</i>	<i>33</i>	<i>35</i>
	<i>b)Operational personnel</i>	<i>57</i>	<i>61</i>	<i>66</i>
<b>B</b>	<b>Seasonal personal number (exclusively day laborers)</b>	<b>37</b>	<b>153</b>	<b>259</b>
	<b>Total personnel</b>	<b>130</b>	<b>247</b>	<b>360</b>

Compared to 2019, in 2020 there is a decrease of the medium number of season personnel, due to the temporary reduction of the activity in the context of the epidemic situation determined by the coronavirus spread.

The dynamic situation of the gross wages as well as of the efficiency indicator - labor productivity, is presented as follows:

Nr. crt.	Indicator	2020	2019	Indice 2020/2019 (%)
1	Gross salary expenses (less the salaries of the members of the Board of Directors and of the directors with a mandate, of the Supervisory Board, of the Management Board) (lei)	9.560.101	13.536.774	70,62%
2	Average number of employees	247	360	68,61%
3	Turnover (lei)	23.101.785	48.663.596	47,47%
4	Labor productivity (lei / employee)	93.529	135.177	69,19%
5	Average gross monthly salary (lei)	3.219,17	3.134,65	102,70%
6	Average gross salary per economy (lei)	5.429,00	5.163,00	105,15%
7	Minimum gross salary per economy (lei)	2.230,00	2.080,00	107,21%



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Expenditures on gross salaries, although affected by the increase in the level of the minimum gross salary per economy from 2,080 lei to 2,230 lei, registered in 2020 a decrease compared to 2019 by 29.38% due to the reduction of the average number of employees by 31.39%

Regarding the efficiency of human resources utilization measured by labor productivity, it registers in 2020 a decrease compared to 2019 by 30.81% due to the decrease in volume and period of activity.

Compared to the level of the average gross salary per economy of 5,429 lei, the level of the average gross salary registered by the company is 3,219.17 lei and represents 59.30%.

b) Relations between Managers and Employees, regulated by the Collective Labor Agreement, are based on communication, involvement and team spirit, respecting the rules and working procedures established by ROI, the job description, without any conflicting elements.

### **1.1.6. Assessment of the aspects related to the impact of the basic activity of THR Marea Neagra SA on the environment**

The basic activity of T.H.R. Marea Neagră S.A. is carried out in compliance with the legislation in force regarding the environmental protection requirements, obtaining the necessary environmental authorizations for each type of activity and at each working point.

The Company identified all its activities that have a possible impact on the environment and regulated them according to the environmental standards SR EN ISO 14001: 2005 by its own procedures.

In 2020, the Company didn't face any litigation generated by the non-observance of the environmental legal regulations.

### **1.1.7. Assessment of the aspects regarding the reduction of the negative impact of the COVID-19 crisis on the financial performances and measures taken to protect against COVID-19**

The Company took steps to contribute to the reduction of the negative impact of the COVID-19 crisis on its financial performances of for preserving the heritage integrity, such as:

-it was obtain the blue certificate for emergencies situations issued by the Ministry of Electric Power and Business Environment, in view of the application of OUG 48/2020, concerning some financial-fiscal measures;

-in the period 08.04.2020- 13.06.2020, the company put some of the employees in technological unemployment, the ones who had expired their past-due holiday and the one afferent to the year 2020 ;



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

- measures were taken to protect against COVID-19, offering a special attention for the tourists' accommodation, connected services and also tourist-tourist, personnel-tourist and personnel-personnel interaction;
- SSM measures were elaborated concerning the prevention of infection with the new coronavirus;
- it was delegated a commission made of three persons, for the prevention and spreading of coronavirus and to ensure the development of the work activity in security and health in labor conditions;
- there were acquired dozers for disinfectants, stickers with clear signs, alcohol-based disinfectants, gloves, masks etc.

## 2. FINANCIAL AND ACCOUNTING STATEMENT

In 2020, T.H.R. Marea Neagră S.A. had the accounting organized according to OMF 881/2012 and OMF 2844/2016 to approve the accounting regulations conforming to the International Financial Reporting Standards.

By these orders, it has been stated that companies whose securities are listed on the regulated market, including T.H.R. Marea Neagră SA, have the obligation to prepare the financial statements in accordance with the above mentioned normative acts.

In accordance with the mentioned regulations, the financial statements are audited, annually, by the audit firm ABA Audit S.R.L. of Timișoara, based on the service agreement.

The dynamic situation of the main assets at 31.12.2020, in comparison with the similar elements of the years 2019 and 2018, is presented as follows:

ASSET	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Variation 2020/2019 (%)	Weight 2020 in total assets (%)
Intangible assets	183.390.733	178.054.087	177.378.197	103,00%	70,39%
Tangible immobilizations	630.963	487.276	350.357	129,49%	0,24%
Real estate investments	25.513.673	29.274.302	16.065.300	87,15%	9,79%
Financial assets	2.000	2.000	2.000	100,00%	0,00%
Fixed assets (including deferred tax assets)	468.339	462.004	1.416.286	101,37%	0,18%
<b>TOTAL FIXED ASSETS</b>	<b>210.005.707</b>	<b>208.279.668</b>	<b>195.212.141</b>	<b>100,83%</b>	<b>80,61%</b>



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

ASSET	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Variation 2020/2019 (%)	Weight 2020 in total assets (%)
Inventories	845.862	1.665.470	294.185	50,79%	0,32%
Trade receivables	501.269	524.646	787.604	95,54%	0,19%
Other receivables	3.658.847	2.886.925	1.771.212	126,74%	1,40%
Cash availability	20.578.222	31.437.052	27.411.276	65,46%	7,90%
Assets classified as held for sale	24.858.415	29.359.724	37.666.185	84,67%	9,54%
Expenses registered in advance	77.425	46.780	895.292	165,51%	0,03%
<b>TOTAL OF DEPRECIATION OF CURRENT ASSETS</b>	<b>50.520.041</b>	<b>65.920.598</b>	<b>68.825.754</b>	<b>76,64%</b>	<b>19,39%</b>
<b>TOTAL OF ASSET</b>	<b>260.525.748</b>	<b>274.200.266</b>	<b>264.037.895</b>	<b>95,01%</b>	<b>100,00%</b>

Within the assets of the company, the largest share is held by the **fixed assets (80,61%)**.

**On the date of 31.12.2020, intangible assets which represent 70,39% of the total assets, register an increase with 3,00% compared to 31.12.2019. The decrease of the balance at 31.12.2020 with the value of depreciation, the discarding and missing from the inventory, the reclassifications from fixes assets in Real Estate Investments (Restaurant and Bufet Tosca), of the reclassifications from fixes assets in inventory items, of the lands (land Bufet Luna Park of Saturn, equipment complex Atena, Hotel Gloira and auto), is annulled by the increase with the value of construction work and acquisition of assets and by derecognition of Siret Complex (building and afferent field) of Real estate investment (rented asset) in Fixed assets as consequence of the cancelation of the rental contract concluded with Media Class SRL.**

At the date of 31.12.2020, **at intangible assets, which represent 0.24% of the total assets, we see an increase of about 29,49%** compared to 31.12.2019, owed to the acquisition in financial leasing of three vehicles (brand Volkswagen – 2 pieces and brand Skoda Octavia – 1 piece) and which, according to IFRS 16 Leasing Contracts and to the requirements OMFP 2844/2016 they must not be acknowledges as means of transport but as “Assets afferent to the rights of using the assets taken in leasing” and treated as intangible assets.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

At the indicator **Real Estate investments, representing 9.79% of the total assets**, we see an decrease with 12,85% compared to 31.12.2019, owed to the derecognition of Siret Complex (building and afferent field) of Real Estate investments (rented asset) in Tangible asset, consequence of annulation of the rental contract concluded with Media Class SRL.

The **long-term receivables, which represent 0,18% of the total assets**, have increased with 1,37% compared to 31.12.2019, owed to the constitution of guarantees afferent to the rental contracts of townhouses on the extra-season period for the employees of the company.

At the **FLOATING ASSETS, representing 19,39% of the total company assets**, it is seen a decrease compared to the level realized at 31.12.2019, with 23,36% owed to:

- the diminution of stocks due to the reception and unloading of materials made available to the manufacturers Sacom, Alcon and 6-Elia-

- the diminution of the Assets classified as owned for sale with the sum of 4,501,309 lei, representing the accounting value of the assets sold in 2020 (Gloria Hotel-building, and Atena restaurant- building and field);

- the diminution of the Cash availabilities with 34,54% compared to 31.12.2019 owed to the distribution and payments in the month October 2020 of dividends from Other reserves being in balance at 31.12.2019, in addition to the one distributed and paid in August 2020 from the net profit of the year 2019.

- the diminution of the Trade receivable with 4,46% compared to 31.12.2019 owed to the efforts of the financial service to recover the sums owed by the clients for the serviced provided by the company in the year 2020.

The Indicator *Other claims* which represent 1,40% of the company assets, increased with 26,74% compared to 31.12.2019 owed mainly to the VAT recovered from ANAF.

In the table below the claims are presented as of 31.12.2020 as compared to 31.12.2019:

Crt. No.	Claims	Net claims on the date of 31.12.2020	Impairment adjustments on the date of 31.12.2020 (lei)	Claims on the date of 31.12.2020 (lei)	Net claims on the date of 31.12.2019 (lei)	Net debt variation 31.12.2020 31.12.19 (%)
1	Commercial claims	501.269	1.756.560	2.257.830	524.646	95,54%
2	<b>Other claims total</b>	<b>3.658.847</b>	<b>27.472</b>	<b>3.686.319</b>	<b>2.886.925</b>	<b>126,74%</b>
2.1.	Receivables from the state budget	3.375.221	27.472	3.402.693	2.633.413	128,17%
2.2.	Different debtors	61.738	0	61.738	114.975	53,70%
2.3.	Other claims	221.889	0	221.889	138.537	160,17%
	<b>TOTAL</b>	<b>4.160.116</b>	<b>1.784.032</b>	<b>5.944.148</b>	<b>3.411.571</b>	<b>121,94%</b>





# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

*The claims of the Company* are composed by:

**-commercial debts**, represented by tourism services and other services provided by THR Marea Neagra to third parties, in sum of 2,257,830, which were adjusted with the amount of 1,750,560 lei, representing claims older than 1 year, afferent to services provided to Rugby Club Constanța, Marea Comtur, Transilvania Hotels & Travel S.A., Sind Tour Operator, ACS Cuza Sport, Ager Construct, Remat Sud Mangalia, Cuemjiev Ioan, Dumitras Florenta, Gorj Turism, Inter Tour Bacau, Christian76 Tour, Sind Gaz.

**- Receivables from the state budget** mainly represented by VAT recovered in the sum of 2,917,486 lei of which for the sum of 2.761.032 lei it was solicited to ANAF its reimbursement, current profit tax in amount of 109.746 lei, VAT non-cheargeable afferent to the bills of the providers in sum of 346,357 lei;

**-different debtors** in the sum of 61,738 lei represented mainly by advances paid to service providers who will be provided in 2021;

**-other claims** are mainly represent by the interest receivables by THR Marea Neagra SA at the deposits constituted at BCR in amount of 96,320 lei and which will be cashed in January 2021, social claims in sum of 69,665 lei, representing sick leaves paid by the Health Ensurance House.

**In 2020, the liabilities positions had the following evolution:**

LIABILITY	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Variation 2020/2019 (%)	Weight 2020 in total liabilities (%)
Subscribed and paid capital	57.894.994	57.894.994	57.894.994	100,00%	22,22%
Share capital adjustment following IAS 29 application	85.945.333	85.945.333	85.945.333	100,00%	32,99%
Share premiums	1.895.855	1.895.855	1.895.855	100,00%	0,73%
Reserves	20.926.925	28.942.320	24.201.711	72,31%	8,03%
Inflated reserves following first-time application of IAS 29	16.745.901	16.745.901	16.745.901	100,00%	6,43%
Differences from the reassessment	102.065.653	105.671.498	105.189.642	96,59%	39,18%
Own shares and Losses related to the sale / cancellation of equity instruments	(299.963)	(13.975)	0	2,146,43	(0,11)
The result carried forward with the exception of the carried forward result from the first adoption of IAS 29	61.420.101	57.814.255	54.909.087	106,24%	23,58%
The result carried forward from the first adoption of IAS 29	(102.691.275)	(102.691.275)	(102.691.275)	100,00%	(39,42%)
Other equity elements	(12.735.650)	(13.136.990)	(13.056.538)	96,94%	(4,89%)
Exercise result	4.579.520	5.592.062	9.823.215	81,89%	1,76%
<b>TOTAL OWN CAPITALS</b>	<b>235.747.394</b>	<b>244.659.979</b>	<b>240.857.925</b>	<b>96,36%</b>	<b>90,49%</b>





# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

LIABILITY	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Variation 2020/2019 (%)	Weight 2020 in total liabilities (%)
<b>TOTAL DEBTS whereby:</b>	<b>24.778.354</b>	<b>29.540.287</b>	<b>23.179.970</b>	<b>83,88%</b>	<b>9,51%</b>
Medium and long-term debts	14.159.958	14.174.980	13.990.340	99,89%	5,44%
Short-terms debts	10.618.396	15.365.308	9.189.631	69,11%	4,08%
<b>TOTAL LIABILITY</b>	<b>260.525.748</b>	<b>274.200.266</b>	<b>264.037.895</b>	<b>95,01%</b>	<b>100,00%</b>

Within the liabilities elements, the largest share is held by the equity (90,49%), the share capital representing 22,22% of the total liabilities of the company.

**The equity** on the date of **31.12.2020**, decreased by 3,64% compared to the equities at **31.12.2019**, due to the increases / reductions on each liability item:

- **Reserves**, composed of legal reserves and other reserves, in a total amount of **20.926.925 lei**, with a decrease compared to 2019 (**28.942.320 lei**) with 27,69%, a decrease due to the diminution of the indicator Other reserves with the sum of 10,368,153 lei which was distributed on dividends, decrease compendated in a small measure with the sum of 2,015,796 lei distributed on other reserves and with the sum of 336,962 lei distributed on legal reserves from the net profit of the year 2019.
- **Differences** from the reassessment of the assets of the company in the amount of **102.065.653 lei**, which compared to the balance registered on 31.12.2019, knows a reduction with the amount of **3,605,845 lei** on account of the revaluation reserves from reassessment afferent to sold assets and disposals.
- **The result carried over** in the amount of **61.420.101 lei** balance representing the surplus realized from revaluation reserves related to the sold assets and the disposals. Compared to the balance of the financial year 2019 (57,651,954 lei), there is an increase with **3,605,845 lei** representing the surplus realized from reserves from reassessment related to the assets sold and disposed of in the financial year 2020 .
- **The net result of the exercise** amounting to **4.579.520 lei** knew a decrease compared to the one of 2019 (5.592.062 lei) with 18,11%, decrease due mainly to the significant reduction of revenues from rentings and public food service, because of the SARS-CoV-2 pandemic, which significantly affected the field HORECA. The decrease was softened by the increase of the revenues from the asset sale.

We mention that the reassessments made after 01.01.2004 are recognized from a fiscal point of view as items similar to the income as the depreciation of the tangible assets and their exit from the assets. For these temporary differences between the book value and the tax value, IAS 12 requires the calculation of a deferred income tax, which diminishes the value of equity (included in the table above under other items of equity) and is added to the debts.

*The short-term debts on the date of 31.12.2020*, excluding provisions, compared to 31.12.2019, structured according to their nature and according to their requirements, are presented in the following table:

No. Crt.	Current debts	Debts at 31.12.2019	Debts at 31.12.2020	under 30 days	30-90 days	91-180 day	181-270 days	270-365 days	Variation 31.12.2020/31.12.2019
1	Sums owed to credit institutions	0	1.273.484	0	0	0	0	1.273.484	0,00%
2	Commercial debts and other debts	14.955.578	9.117.355	7.685.028	491.368	94.643	203.980	642.337	60,96%
2.1.	Advances cashed in the account of order, total of which:	5.793.406	1.218.188	0	466.680	0	177.729	573.779	21,03%
	<i>Advances cashed from selling and renting assets</i>	5.724.599	1.040.459	0	466.680	0	0	573.779	18,18%
	<i>Advances cashed from tourism services</i>	68.807	177.729	0	0	0	177.729	0	258,30%
2.2.	Commercial debts	2.494.766	2.135.708	2.135.708	0	0	0	0	85,61%
2.3.	Debts to the state budget	626.991	432.646	432.646	0	0	0	0	69,00%
2.4.	Debts with the personnel	530.899	518.185	518.185	0	0	0	0	97,61%
2.5.	Other debts	5.509.516	4.812.629	4.598.489	24.688	94.643	26.251	68.558	87,35%
	<b>TOTAL CURRENT DEBTS</b>	<b>14.955.578</b>	<b>10.390.839</b>	<b>7.685.028</b>	<b>491.368</b>	<b>94.643</b>	<b>203.980</b>	<b>1.915.821</b>	<b>69,48%</b>

lei

**Short-term debts on the date of 31.12.2020 excluding provisions**, decreased over the same period of last year by 30,52%, a decrease due to:

- Rental of advances cashed in 2019, afferent to sale-purchase contracts of the assets Hotel Gloria and Restaurant Dunarea authenticated at the notary office at the beginning of the year 2020 ;
- The rental of advances cashed in 2019 for the rent on the year 2020 of the assets: complex Capitol, Hotel Prahova, Hotel Mureș, complex Siret ;
- The reduction of the debts with personnel, owed to the reduction of the personnel number because of the COVID-19 pandemic;
- The reduction of the debts to the state budget because of the COVID-19 pandemic;
- The reduction of the value of the indicator Other debts caused by the compensation of the guarantee chased for bidding the complex Atena with the owed sum, consequence of conclusion and authentication of the sale-purchase contracts with Transevren SRL.

*The long-term debts on the date of 31.12.2020, excluding provisions*, totaling 13,452,106 lei, are slightly decreasing, by 0,60% compared to those recorded at 31.12.2019



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

(13,533,308 lei). These consist of term guarantees (suppliers) in the amount of 112,352 lei, of the deferred income tax in the amount of 13,151,453 lei (non-due debt to be recognized as payable debt, as the depreciation or exit of the fixed assets from the assets) and from Capital rates afferent to the three contract of financial leasing on 5 years term, in the amount of 188,301 lei.

**Within the liabilities elements, at the chapter Debts,** are also the provisions. Their component is presented in the following table:

No. Crt.	Explanation	31 December 2020 (lei)	Creation of provision until 31.12.2020 (lei)	Anullment of provision until 31.12.2020 (lei)	31 December 2019 (lei)
<b>1</b>	<b>Provisions for total litigations, of which:</b>	<b>707,852</b>	<b>143,871</b>	<b>77,691</b>	<b>641,672</b>
	<i>Carja Vasile - File.3093/118/2016 – claims cval improvements brought to Flora villa before its restitution to THR</i>	554,512	0	0	554,512
	Court. of Constanta Trial expenses representing lawyer honorary of Eforie City for the file 8013/118/2017 in which THR tried to annul a layland tax	3,570	3,570	0	0
	<i>Monica Saturn - File nr.3208/254/2019 – lack of using the space which covers the sea water pump (Bufet Aida)</i>	41,200	41,200	0	0
	<i>Alcon SRL - File no. 8002/118/2020 – Penalties bills</i>	99,101	99,101	0	0
	<i>Mateevici Alexandru, Zellinger, Stoicovic si altii – File 15314/212/2018 - Trial expenses, lawyer honorary from the files 2639/118/2017 and 4847/212/2010</i>	0	0	20,900	20,900
	<i>City Hall of Eforie city – taxes and accessories calculated additionally as consequence of fiscal control, contested by THR</i>	9,469	0	56,791	66,260
<b>2</b>	<b>Provisions for the employees' benefits, total of which:</b>	<b>228,257</b>	<b>20,072</b>	<b>201,545</b>	<b>409,730</b>
	<i>Provisions for retirement rights</i>	55,878	20,072	16,665	52,471
	<i>Provisions for not-effected Holidays</i>	172,379	0	184,880	357,259
	<b>TOTAL PROVISIONS</b>	<b>936,109</b>	<b>163,943</b>	<b>279,236</b>	<b>1,051,402</b>



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## THE FINANCIAL EXERCISE RESULT 2020

The revenues and expenses realized in 2020, in relation to BVC 2020 and to the achievements of 2019 and 2018, are presented as follows:

Indicators	BVC 2020 (lei)	Accomplished 2020 (lei)	Accomplished 2019 (lei)	Accomplished 2018 (lei)	Indice 2020/ BVC 2020 (%)
<b>Total operating income whereby:</b>	<b>52.269.400</b>	<b>42.691.057</b>	<b>59.190.586</b>	<b>63.346.096</b>	<b>81,68%</b>
Accommodation activity	26.168.500	11.861.320	30.471.444	29.393.891	45,33%
Public catering activity	13.599.000	5.973.277	14.399.840	13.932.309	43,92%
Rental activity	3.424.000	3.485.443	1.616.195	1.413.225	101,79%
Other revenues included in the turnover (spa treatment, parking, swimming pool )	2.586.900	1.781.745	2.176.117	1.676.723	68,88%
Incomes from exploitation subventions	0	90.603	0	0	0,00%
Other incomes (fixed production, adjustments, cancellation of provisions, fines, penalties, etc.)	1.791.000	1.170.893	3.012.174	2.256.389	65,38%
Active sales activity	4.700.000	18.327.776	7.514.816	14.673.559	389,95%
<b>Total Operating expenses whereby:</b>	<b>45.504.290</b>	<b>36.824.724</b>	<b>52.156.641</b>	<b>50.122.315</b>	<b>80,93%</b>
Expenses with goods	4.320.000	1.995.131	4.536.647	4.433.033	46,18%
Expenses with materials	2.556.960	2.055.337	2.630.312	2.506.894	80,38%
Expenditures on materials of the nature of inventory items	599.400	892.306	1.669.407	561.789	148,87%
Utility expenses	3.005.500	1.837.343	3.074.883	2.752.571	61,13%
Expenses with external benefits	5.083.033	4.908.503	9.290.245	8.296.348	96,57%
Advertising and protocol expenses	89.500	47.085	50.864	81.691	52,61%
Expenses with other taxes and fees	3.204.897	3.013.238	3.735.112	3.891.510	94,02%
Expenses with pro rata VAT	406.000	387.605	471.516	471.162	95,47%
Expenses with employees	17.848.900	10.567.545	14.853.879	11.317.783	59,21%
Depreciation and amortization expenses	6.800.600	5.904.307	9.118.537	6.714.282	86,82%
Other operating expenses	715.500	444.648	406.802	1.785.521	62,15%
Expenses with assigned assets and assets held for sale	874.000	4.771.679	2.318.435	7.309.729	545,96%
<b>OPERATING RESULT</b>	<b>6.765.110</b>	<b>5.866.333</b>	<b>7.033.946</b>	<b>13.223.780</b>	<b>86,71%</b>
Financial income	483.120	875.092	819.801	585.376	181,13%
Financial expenses	2.000	2.176	12.897	2.506.100	108,80%
<b>FINANCIAL RESULT</b>	<b>481.120</b>	<b>872.916</b>	<b>806.904</b>	<b>(1.920.723)</b>	<b>181,43%</b>
<b>TOTAL INCOME</b>	<b>52.752.520</b>	<b>43.566.148</b>	<b>60.010.387</b>	<b>63.931.471</b>	<b>82,59%</b>
<b>TOTAL EXPENSES</b>	<b>45.506.290</b>	<b>36.826.900</b>	<b>52.169.537</b>	<b>52.628.415</b>	<b>80,93%</b>
<b>GROSS RESULT</b>	<b>7.246.230</b>	<b>6.739.248</b>	<b>7.840.850</b>	<b>11.303.056</b>	<b>93,00%</b>
Expenses with current profit tax	1.101.427	1.991.921	898.096	930.777	180,85%
Discount 10%	0	(210.167)	0	0	0,00%
Expenses with the specific tax	252.008	252.008	462.548	439.630	100,00%



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Indicators	BVC 2020 (lei)	Accomplish ed 2020 (lei)	Accomplishe d 2019 (lei)	Accomplish ed 2018 (lei)	Indice 2020/ BVC 2020 (%)
Expenses with deferred income tax	125.965	125.965	951.078	109.434	100,00%
Revenue af. Deferred profit tax	0	0	(62.935)	0	0,00%
<b>NET RESULT</b>	<b>5.766.830</b>	<b>4.579.520</b>	<b>5.592.062</b>	<b>9.823.215</b>	<b>79,41%</b>

The revenues and expenses realized in 2020, on the two major categories of activities, in relation to the achievements of 2019, are presented as follows:

Indicatori	BVC 2020	Accomplished 2020	Accomplished 2019	Accomplished 2018	Index accomplished 2020 / BVC 2020	Index accomplished 2020 / accomplished 2019
<b>BASIC ACTIVITY</b>						
<b>Operational Activity</b>						
Incomes (including incomes for cancellation of provisions)	47.569.400	24.363.281	51.675.770	48.672.536	51,22%	47,15%
Expenses	44.630.290	32.053.046	49.838.206	42.812.585	71,82%	64,31%
<b>Gross profit from operational activity</b>	<b>2.939.110</b>	<b>(7.689.765)</b>	<b>1.837.565</b>	<b>5.859.952</b>	<b>(261,64)%</b>	<b>(418,48)%</b>
<b>Financial activity</b>						
Incomes	483.120	875.092	819.801	585.376	181,13%	106,74%
Expenses	2.000	2.176	12.897	2.506.100	108,80%	16,87%
Gross financial profit	<b>481.120</b>	<b>872.916</b>	<b>806.904</b>	<b>(1.920.724)</b>	<b>181,43%</b>	<b>108,18%</b>
<b>Total income from basic activity</b>	<b>48.052.520</b>	<b>25.238.373</b>	<b>52.495.571</b>	<b>49.257.913</b>	<b>52,52%</b>	<b>48,08%</b>
<b>Total expenses from basic activity</b>	<b>44.632.290</b>	<b>32.055.222</b>	<b>49.851.103</b>	<b>45.318.685</b>	<b>71,82%</b>	<b>64,30%</b>
<b>GROSS RESULT FROM BASIC ACTIVITY</b>	<b>3.420.230</b>	<b>(6.816.849)</b>	<b>2.644.468</b>	<b>3.939.228</b>	<b>(199,31)%</b>	<b>(257,78)%</b>
<b>SALE ASSETS ACTIVITY</b>						
Income from active sales	4.700.000	18.327.776	7.514.816	14.673.559	389,95%	243,89%
Expenses with assets sold	874.000	4.771.679	2.318.435	7.309.729	545,96%	205,81%
<b>GROSS RESULT FROM THE SALE OF ASSETS ACTIVE</b>	<b>3.826.000</b>	<b>13.556.097</b>	<b>5.196.381</b>	<b>7.363.830</b>	<b>354,32%</b>	<b>260,88%</b>
<b>EXPLOITATION ACTIVITY</b>						
Incomes from exploitation	52.269.400	42.691.057	59.190.586	63.346.096	81,68%	72,12%
Expenses from exploitation	45.504.290	36.824.724	52.156.641	50.122.314	80,93%	70,60%



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Indicatori	BVC 2020	Accomplished 2020	Accomplished 2019	Accomplished 2018	Index accomplished 2020 / BVC 2020	Index accomplished 2020 / accomplished 2019
Exploitation Gross Profit	6.765.110	5.866.332	7.033.946	13.223.782	86,71%	83,40%
<b>TOTAL COMPANY ACTIVITY</b>						
<b>TOTAL INCOME</b>	52.752.520	43.566.148	60.010.387	63.931.472	82,59%	72,60%
<b>TOTAL EXPENSES</b>	45.506.290	36.826.900	52.169.538	52.628.414	80,93%	70,59%
<b>TOTAL GROSS PROFIT</b>	<b>7.246.230</b>	<b>6.739.248</b>	<b>7.840.849</b>	<b>11.303.058</b>	<b>93,00%</b>	<b>85,95%</b>
PROFIT TAX	1.101.427	1.991.922	898.096	930.777	180,85%	221,79%
Discount 10%	0	(210.167)	0	0	0,00%	0,00%
Specific tax	252.008	252.008	462.548	439.630	100,00%	54,48%
Deffered Profit Tax	125.965	125.965	951.078	109.434	100,00%	13,24%
Deferred income tax income	0	0	(62.935)	0	0,00%	0,00%
<b>NET RESULT</b>	<b>5.766.830</b>	<b>4.579.520</b>	<b>5.592.062</b>	<b>9.823.217</b>	<b>79,41%</b>	<b>81,89%</b>

The total incomes registered in 2020, amounting to **43,566,148 lei** (including the provisions for cancellation of the provision in the amount of 443,377 lei), register a realization of **82,59% compared to the budget (52.752.520 lei)** and a realization of **72,60%** to the volume recorded in the previous year 2019 (60,010,387 lei).

In structure, the total incomes present in this way:

- **accommodation incomes**, in amount of 11,861,320 lei, registering an accomplishment of 45,33% to BVC and 38,93% compared to the accomplished of the year 2019;
- **-public food service incomes** in amount of 5,973,277 lei, registering an accomplishment of 43,92% to BVC and of 41,48% compared to the accomplished of the year 2019.

The significant decrease of the incomes from accommodation and food service in the year 2020, towards both the budget and the accomplished of 2019, has at basis the international epidemic situation determined by the spread of the SARS-CoV-2 coronavirus, which had as effect the reinitiation of the activity and the partial opening of the hotel units from 15.06.2020, the restriction in the alert state in HORECA field, imposed by the competent authorities and the annulment of the bookings made for this period. We also mention that the decrease registered in 2020 compared to 2019 of these income categories is also given by the rental in 2020 of accommodation and public catering units (Siret complex, Mures Hotel, Prahova Hotel, Capitol Complex).





## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

- **the rental activity** in amount of 3,485,443 lei, registered an increase with 1,79% to BVC and 115,66% compared to the accomplished of the year 2019, increase owed to the new assets rented starting with the year 2020 (Siret complex- building and afferent field, complex Capitol – building, Hotel Mureș – building, Hotel Prahova –building);
- **-other incomes included in the turnover (spa treatment, parking, swimming pool entry, rentals etc.)** in amount of 1,781,745 lei have registered a achievement of 68,88% to BVC(2.586.900 lei) and 81,88% compared to the year 2019 (2.176.117 lei), this decrease being very connected to the diminution of the accommodation incomes;
- **-subvention incomes** in amount of 90,603 lei, representing sums given by the government as protection measures for the emergency period determined by the COVID-19 pandemic based on the Law 30/2020 and Law 19/2020 as technical unemployment support, as consequence of restraining the activity of the company, respectively help for parents, for the children supervision because of the temporary closing of the schools;
- **Other incomes** in amount of 1,170,893 lei, representing lack of use field Bufet Luna Park, lack of use of the field and tax on land in Sat Vacanță Dunarea pertaining to Cuemjiev Ioan, accommodation for personnel for companies who provide construction work at Hotel Venus si Hotel Aida.
- **The incomes from asset sale**, in amount of 18,327,776 lei have registered an increase with 289,95% compared to BVC (4.700.000) and 143,89% compared to year 2019 (7,514,816 lei). These incomes have been realized as a consequence of the conclusion of sale-purchase contracts for the assets: Complex Atena din Saturn (building and afferent fields), land in area of 1016 sm afferent to Bufet Luna Park of Saturn, restaurant Dunărea (building and field), and the sale of means of transportation (Honda vehicle, 3 Fiat Ducato and a tractor with tow).

**The total expenditures** registered in the year 2020, in amount of **36.826.900 lei** (less than the expenses with the tax profit and specific), register **an accomplishment of 80,93%** compared to the BVC(45.506.290 lei) and 70,59% compared expenses of year 2019 (52,169,538 lei). The weight in this decrease is owed by the expenses of the operational activity (32.053.046 lei), which registered an accomplishment of 71,82 to BVC(44,630,290 lei) and 64,31% compared to the expenses of year 2019 (49.838.206 lei). We mention that during this period the management of the company adopted a prudential attitude, of reducing the additional expenses, taking into account at the same time, the continuation of preparations for opening the season of 2020.





## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

In structure, **the total expenses** are presented like this:

**-expenses with goods** in the amount of 1,995,131 lei as of 31.12.2020 register an achievement of 46.18% compared to the budgeted level (4,320,000 lei) and 43.98% compared to the achievement of 2019 (4,536,647 lei);

**-expenses with the stocks of materials**, in the sum of 2.055.337 lei at 31.12.2020 registered a realization of 80,38% compared to BVC(2.556.960 lei) and of 78,14 compared the accomplished of 2019 (8,945,901 lei);

**-expenses with materials of the nature of inventory objects** in the amount of 892,306 lei on 31.12.2020 register an increase of 48.87% compared to the budgeted level (599,400 lei) and a decrease of 46.55% compared to 2019;

**-expenses with utilities** (water-sewer, electricity and gas) in the amount of 1,837,343 lei on 31.12.2020, registered an achievement of 61.13% compared to BVC (3,005,500 lei) and 59.75% compared to what was achieved on 31.12.2019;

**-expenses with external services** in the amount of 4,908,503 lei, registered an achievement of 96.57% compared to the budgeted level (5,083,033 lei) and of 52.84% compared to the achievement of 2019 (9,290,245 lei);

**-expenses with advertising and protocol** in the amount of 47,085 lei, registered an achievement of 52.61% compared to the budgeted level (89,500 lei) and 92.57% compared to the achievement of 2019 (50,864 lei);

**-expenses with other taxes and fees** in the amount of 3,013,238 lei on 31.12.2020 register an achievement of 94.02% compared to BVC (3,204,897 lei) and 80.67% compared to the achievement of 2019, this being due to to impose a smaller number of assets following their sale in 2019, to reduce the tax quotas for the assets within the city of Eforie and to cancel the abandonment tax for 2020 for the assets of Hotel Meteor from Eforie;

**- expenses with pro rata VAT** in the amount of 387,605 lei on 31.12.2020, registers an achievement of 95.47 %% compared to the budgeted level (406,000 lei) and of 82.20% compared to the achievement of 2019;



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

**-personnel expenses** in the amount of 10,567,545 lei as of 31.12.2020, register an achievement of 59.21% compared to the budgeted level (17,848,900 lei) and 71.14% compared to 2019 (14,853,879 lei);

**-expenses with depreciation** in the amount of 5,904,307 lei on 31.12.2020 were realized in proportion of 86.82% compared to BVC (6,800,600 lei) and compared to the achievement of 2019 (9,118,537 lei) in proportion of 64,75%, due to the recognition in December 2019 on expenses of the remaining unamortized value of materials of the nature of inventory items recognized in the category of property, plant and equipment (following the modification of accounting policies regarding the recognition of expenses of consumption of materials of inventory items). led to a reduction in the number of depreciable property, plant and equipment in 2020.

**-other operating expenses** in the amount of 444,648 lei on 31.12.2020 were realized in a percentage of 62.15% compared to BVC (715,500 lei) and 109.30% compared to the one achieved in 2019 (406,802 lei);

**-expenses with assigned assets** and sales of assets in the amount of 4,771,679 lei on 31.12.2020 registered an increase by 445.96% compared to the budgeted level (874,000 lei) and by 105.81% compared to the year 2019 ( 2,318,435 lei).

Based on activities, in relation to the share of the revenues realized in the total revenues, two major categories can be identified: namely, **the basic activity of the company (strictly operational)**, generating income in the percentage of **57,93% of the total revenues** and the **activity of asset sales**, according to the strategy approved by the General Meeting of Shareholders for restructuring the company, with revenues in the percentage of **42,07% of the total**.

*The total gross profit realized in the amount of 6.739.248 lei presents, by activities, the following structure:*

• Operational activity	(7.689.765)lei
• Financial activity	872.916 lei
• Asset sales activity	13,556,097 lei

At 31.12.2020, the company registers a loss in the basic operational activity (7.689.765 lei lei), representing a decrease in absolute value compared to the accomplished of the year 2019 with 9.527.330 lei. We must mention that in the year 2020 the gross profit from the operational activity was very affected by the spread of SARS-CoV-2 coronavirus, which had as effect the late opening of the hotel units.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

The **gross profit from the financial activity of 872,916 lei**, at 31 December 2020, the company registers an increase by 81,43% compared to BVC and by 8,18% compared to the accomplished at 31.12.2019, increase owed to the discount registered as consequence of the integral payment of local taxes until 31.03.2020 in amount of 159,174 lei and the bank interest cashed as consequence of constitution of bank deposits in amount of 701,058 lei.

Regarding **the gross profit from the sale of assets**, we recorded a value of **13,556,097 lei**, with an increase compared to the realized of the year 2019 with 160,88% and an increase of 254,32% compared to BVC and it is owed to the sale of the assets Complex Atena of Saturn (building and field), Restaurant Dunarea of Saturn (building and field), fied in an area of 1016 sm afferent to Luna Park buffet in Saturn, Honda vehicle.

Starting with 2017, according to Law 170/2016 on the specific tax of certain activities, THR Marea Neagră SA, is obliged to pay the specific tax for the activities carried out in the fields related to CAEN codes 5510-Hotels and other similar accommodation facilities, 5610 - Restaurants, 5621 - Event catering, 5630 - Bars and other beverage service activities.

According to the provisions of art.10 of Law 170/2016, considering that the company generates revenues from other activities besides those corresponding to the CANE codes subject to specific tax, applies for these activities the system of declaration and payment of profit tax provided by Law no. 227 / 2015 with subsequent amendments and completions.

We present below, the accounting profit / loss broken down on the two types of activities subject to the profit tax, respectively to the specific tax:

Nr. crt.	Explanation	Profit tax activities	Activities subject to specific tax	TOTAL
<b>A</b>	<b>TOTAL INCOME, of which</b>	<b>25.103.087</b>	<b>18.463.062</b>	<b>43.566.149</b>
<b>A1</b>	<b>Non-taxable income</b>	<b>984.400</b>	<b>0</b>	<b>984.400</b>
<b>B</b>	Items similar to income (different tax receivables sold, different tax receivables, different taxable disposals of scrapped assets)	<b>2.326.622</b>	<b>174.468</b>	<b>2.501.090</b>
<b>C</b>	<b>TOTAL TAXABLE ITEMS (A-A1 + B)</b>	<b>26.445.309</b>	<b>18.637.530</b>	<b>45.082.839</b>
<b>D</b>	<b>TOTAL EXPENDITURE of which:</b>	<b>15.817.495</b>	<b>23.169.134</b>	<b>38.986.628</b>
<b>D1</b>	<b>Total non-deductible expenses of which:</b>	<b>2.411.652</b>	<b>282.627</b>	<b>2.694.279</b>
<b>A</b>	Current income tax expense less 10% bonus (K)	1.781.755	0	1.781.755
<b>B</b>	Deferred income tax expense	125.965	0	125.965
<b>C</b>	Specific tax expense	0	252.008	252.008



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Nr. crt.	Explanation	Profit tax activities	Activities subject to specific tax	TOTAL
D	Other non-deductible expenses (fines, sponsorships, provisions, protocol, rents, amortization, transportation, etc.)	503.932	30.619	534.551
E	Expenses with tax depreciation	30.290	24.503	54.793
F	<b>GROSS ACCOUNTING PROFIT (A-D + a)</b>	<b>11.193.312</b>	<b>(4.454.064)</b>	<b>6.739.248</b>
G	LEGAL RESERVE (F * 5%)	559.666	(222.703)	336.962
H	<b>TAXABLE PROFIT (C-D + D1-E-G)</b>	<b>12.449.510</b>	<b>0</b>	<b>12.449.510</b>
I	Profit tax constituted exclusively the bonus of 10% (H x 16%)	1.991.922	0	1.991.922
J	10% bonus (I x 10%)	210.167	0	210.167
K	Deductible profit tax with bonus (I-J)	1.781.755	0	1.781.755
L	<b>NET PROFIT (F-a)</b>	<b>9.285.592</b>	<b>(4.706.072)</b>	<b>4.579.520</b>

**Concluding, at the end of the year 2020, T.H.R. Marea Neagră S.A. registered a GROSS PROFIT of 6,739,248 lei, and a NET PROFIT, determined after deducting the tax on current, deferred and specific tax calculated, according to the legal regulations, in an amount of 4,579,520 lei.**

### 3. Insurance of financial resources, honoring payment obligations

During the year, the company financed its activity by using its own sources and by committing a credit line with BCR in the amount of 5,000,000 lei, a line from, at 31.12.2020 was used the sum of 1,273,484 lei.

Regarding the payment obligations, the company does not register outstanding obligations on 31.12.2020 in relation to the state budget, banking institutions and other authorities.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## 4. Commercial company assets

**4.1. The main accommodation and public catering capacities of the Mother-company (Balneoterapia does not own assets as constructions and fields, developing its activity in spas pertaining to THR Marea Neagra SA), which are in the tourist circuit in 2020, consist of:**

### **Accommodation units:**

- 2 hotels with 4\*, with a total capacity of 992 accommodation places
- 7 hotels with 3\*, with a total capacity of 3.152 accommodation places
- 3 hotels of 2\*, with a total capacity of 716 accommodation places

### **Public food service establishments:**

- 2 restaurants with 4\*, with a total capacity of 992 places
- 4 restaurants with 3\*, with a total capacity of 1.994 places
- 2 restaurants with 2\*, with a total capacity of 734 places
- 2 day bars with 4\* with a total capacity of 120 places
- 8 day bars with 3\* with a total capacity of 360 places
- day bar with 2\* with a total capacity of 60 places

### **Leisure units:**

- 3 aqua parks, with a total capacity of 850 places

### **Spa treatment units:**

- 4 treatment bases: Bran-Brad-Bega, Hora, Balada and Sirena Complex with a total capacity of 5,350 procedures per day.

In total, the company had 4,860 accommodation places and 3,720 places for public food in 2020.

## **4.2 Description and analysis of the degree of wear of the assets of THR Marea Neagră SA**

The assets owned by the company are over 45 years old, generally being built between 1968-1972. The assets in the tourist circuit hold classification certificates and legal operating authorizations, meeting the legal requirements for the respective comfort category.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Some of the assets have been modernized over the last 10 years, with the comfort level rising from one or two stars to three and four stars. The works were large, including consolidations, so that they have a lower degree of wear than their age.

A peculiarity of the activity is represented by the existence in the patrimony of some productive and auxiliary units that are not functional and others with partial functioning, which burden the basic activity and the economic result, given the investment need and the acute lack of funds, the low level of the real estate market and implicitly the reduced possibility of capitalizing on the assets approved for sale through the company's strategy.

These assets generate both fixed and variable expenses necessary for conservation, the fixed expenses of the nature of taxes and fees being amended by Law no. 227 / 2015 on the Fiscal Code with applicability starting with **01.01.2016**

In order to optimize these costs, it was envisaged the partial functioning of some assets where possible, in order to reduce the volume of losses recorded.

In 2020, were sold some of the non-functional assets, respectively the restaurant Dunarea, Hotel and Restaurant Atena, field afferent Bufet Luna Park of Saturn and Hotel Gloria of Eforie Sud.

## 5. Assessment of investment and development activity

The company is in constant search for solutions to reduce costs, but also to attract new customers. Given the fact that the local government has completed the gas supply of the stations, the company has started the process of connecting the thermal power plants to the gas network, some of the power stations in pertaining to THR being already connected, with positive impact on the environment as well as the efficient use of financial resources.

In the year 2020, the Company made significant investments (account 231) amounting to **6,992,950 lei** plus VAT in amount of 1,328,660 lei, presented in the following table:

Crt. No..	Unit	The investment objective	Total value, whereby:
1	Restaurant Narcis	Works of constructions saloon and food unit+ facilities	1.419.703
2	Hotel + restaurant + CT Diana	Continuation of works of increasing the confort degree from 2 to 3 stars and facilities	1.778.691
3	Piscina Raluca	Rehabilitation works, equipments , regulation of works access stair Hotel Raluca	773.881
4	Hotel Aida	Rehabilitation works of balconies and facades, electric installations for AC, telephone central, plasterboard walls	560.860
5	Hotel Sirena	Moquette rooms and hallways, central fire detenction assembly	514.366
6	Hotel Venus	Rehabilitation works hallways for rooms, room doors and bathrooms	505.414





# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Crt. No..	Unit	The investment objective	Total value, whereby:
7	Hotel Hora	Moquette rooms and hallways	495.536
8	Spalatorie si centrale termice	Gas burner and gas supply	253.479
9	Hotel Siret	Acces card for hotel doors 153 rooms	36.682
10	Hotel Balada	Rehabilitation work for balconies and facades	159.261
11	Administrativ	Diverse (cars, laptops, household utilities for resorts)	262.329
12	Hotel Cleopatra	Replacement of carpentry acces interior stairs, completion at the installation of hydrants for interior (ISU requirements)	63.437
13	Hotel Vraja Marii	Projection for rehabilitation resort 150 rooms and restaurant	50.161
14	Restaurant Brad, Restaurant Balada, Restaurant Prahova, Hotel Bega, treatment units	Kitchen devices, vaccum cleaners, command pannels	49.458
15	Complex BBB	Rehabilit. and moderniz. public utility infrastructure consisting in the collection of rainwater- Bega and Brad Hotels	44.172
16	Restaurant Venus	Construction work acces staircase	25.517
		<b>TOTAL INVESTMENTS (lei without VAT)</b>	<b>6.992.950</b>
		<b>VAT</b>	<b>1.328.660</b>
		<b>TOTAL INVESTMENTS (lei inclusively VAT)</b>	<b>8.321.610</b>

**The following own sources of financing were used to finance the investments:**

Explanations	Realized at 31.12.2020
Unused financial sources from the previous year	33.437.782
Liquidation	5.904.307
Cash flow from asset sales	11.907.099
<b>Total own funding sources</b>	<b>51.249.188</b>
Restitution of good execution warranties	144.534
Distributed dividends	12.959.390
<b>Total funding sources</b>	<b>38.145.264</b>

The investment financing action was fully supported by own sources.

## 6. Mention of potential problems related to the property right on the tangible assets of the commercial company.

Disputes concerning the ownership on **buildings** belonging to T.H.R. Marea Neagră S.A.:

- PTTR Agency Travel Agency of Saturn in contradiction with CN Romanian Post.





# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## **7. The securities market issued by THR Marea Neagră SA**

### **7.1. Specification of markets in Romania and other countries where securities are traded**

THR Marea Neagră SA is a publicly owned company, according to the terminology stipulated in Law 24/2017 on the capital market, being registered with the National Securities Commission - Office for securities records.

T.H.R. Black Sea S.A. shares are listed in the second category of the Bucharest Stock Exchanges starting with 15<sup>th</sup> of August 2002, with the symbol "EFO".

In the last trading day of the year 2020, respectively 31.12.2020, at the closing of the Stock Exchange, the shares of THR Marea Neagră SA were quoted at a maximum value of 0.1285 lei / share, compared with 0.1160 lei / share at 30.12. 2019.

### **7.2. Description of the company's dividend policy. Specification of the dividends due / paid / accumulated during the last 3 years**

**For the year 2017**, the General Meeting of Shareholders has decided to distribute the profit for the establishment of legal reserves, their own financing sources and dividends amounting to **839,477 lei**.

**For the year 2018**, the General Meeting of Shareholders decided to distribute the profit for establishing legal reserves, their own financing sources and dividends amounting to **9,823,215 lei**.

**For the year 2019**, the General Meeting of Shareholders has decided to distribute the profit for the constitution of the legal reserves, of their own financing sources and dividends amounting to **3,184,224.66 lei**.

Also for 2019, the General Meeting of Shareholders from October 2020, decided the distribution from Other reserves existent in balance at 31.12.2019, on dividends, of the sum of **10,368,152.77 lei**.

### **7.3. Description of any activities of the company to purchase its own shares.**

**In AGEA no. 1 of THR Marea Neagră SA from 22.10.2019**, it was decided to redeem its own shares by the company, in accordance with the applicable legal depositions, in the limit of 1% of the social capital, meaning a maximum of 5,789,499 shares with a nominal value of 0,10 lei/share, at a minimum price equal to the market price of the shares of the company from BVB and a a maximum price of 0,15 lei/share, with the destination distribution of the redeemed shares, free of charge, to the administrators, directors and employees of the company in view of improving and



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

**making loyal their activity within a program *Stock Option Plan***” and with an unfolding of the program on a maximum 9 months period.

From the beginning of the program and until its termination, the company redeemed a number of 2,941,452 shares.

At the date of 05.10.2020, with the majority regulated by Law, the General Meeting of Shareholders has decided to change the destination of the redemption program approved by AGEA decision no. 1 / 22.10.2019 in “reduction of the capital through the annulment of its own shares”.

**7.4. If the company has subsidiaries, specify the number and nominal value of the shares issued by the parent company owned by subsidiaries.**

The company holds stakes in the share capital of other entities, as follows:

- 100,00% from the share capital of the company Balneoterapia S.R.L.
- 32,059% from the share capital of the company Transilvania Hotels & Travel.

**7.5. If the company has issued bonds and / or other debt securities, a presentation of the way whereby the commercial company pays its obligations to the holders of such securities.**

The company hasn't issued any bonds during 2020.

**8.THE MANAGEMENT of the two companies forming the GROUP: T.H.R. MAREA NEAGRĂ S.A.**

In AGEA at the date of 11.08.2020, it is approved the modification of the administration form of the company from two tier corporate company to unitary system. As consequence of the approval of the modification of the administration form, AGOA at 11.08.2020 decides the following:

- the termination of the mandate of the Surveillance Board, composed by Mielu Dobrin, Florin Danut Buzatu and Dragos Calin, and also the Directorate composed by Narcisa Georgiana Mosoiu, Constantin Stanescu and Sofia Elena Zaganeanu starting with 11.08.2020;
- naming a Board of Directors starting with 11.08.2020, for a 2 years mandate, composed by Fratila Constantin, Raduta – Gib Tony – Cristian, Veres Diana, Mailat Dinu Serban and Marin Serban Valentin.



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

The Board of Directors of THR Marea Neagra SA named in AGOA meeting at 11.08.2020, decides in the meeting CA at 11.08.2020:

- to choose as President of CA Mr. Fratila Constantin;
- to choose as Vicepresident of CA Mr. Raduta – Gib Tony – Cristian
- to mane as General Deputy Director Mr. Rosu Bogdan Nicolae for the period 11.08.2020 - 11.08.2022

The Board of Directors of THR Marea Neagra SA named in AGOA meeting at 11.08.2020 decides in CA meeting at 20.08.2020 the naming as General Director of the company, Mr. Zamfir Mihai for the period 25.08.2020-10.08.2022.

*a) any agreement, understanding or family connection between the Board of Administration/Directors and another person due to whom the person was appointed administrator or manager*

It's not the case.

*b) attendance of the Supervisory Board Members and Management to the capital of the company*

It is not the case.

*c) list of persons affiliated to the company:*

*The persons affiliated to the company THR Marea Neagră SA are:*

- S.I.F. Transilvania S.A., a company that holds at 31.12.2020, 77.71% of the shares issued by T.H.R. Marea Neagră S.A. ; at the date of the report, as consequence of the reduction of the social capital, it owns 78,11%;
- Balneotherapy Saturn S.R.L., a company whereby T.H.R. Marea Neagră S.A. owns 100% of the issued shares;
- Transilvania Leasing si Credit IFN SA , whereby SIF Transilvania is shareholder;
- Transilvania Hotels & Travel S.A., a company whereby T.H.R. Marea Neagră S.A. owns 32,059% of its social capital.

All the efforts of the Board of Directors and the Executive management have been oriented towards fulfilling the company's mission of providing quality services, with the help of qualified personnel. Also, the priority objective is the development of the technical-material base, the rehabilitation and modernization of the existing one, through a coherent and consistent investment program, under the conditions of a real protection of the environment.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

The Board of Directors and the Executive management followed the execution of the revenue and expenses budget and the approved investment and repair program.

**8.1. For all persons presented in 8, specifying any disputes or administrative procedures in which, during the last 5 years, they were involved regarding their activity within the issuer, as well as those regarding the capacity of the respective person to perform their duties within the issuer.**

It is not the case.

## **9. Perspective elements concerning the activity of T.H.R.Marea Neagră S.A.**

One of the products with great potential for growth in the future is spa tourism. The units of the company are located in resorts with natural treatment factors. The company has identified this opportunity and obtained licenses to exploit these natural resources, extending the capacity of the treatment bases, so that it can cope with the demand for such services.

This segment of the spa tourism ensures the diminution of the effects of the seasonality of the tourist activity and helps to attract tourists

Another development direction is leisure tourism, which is a priority for the company. A major concern of the company is the expansion of distribution channels. The company is in a continuous search for new customers, and the strengthening of the market relations with the current customers.

## **10. CORPORATE GOVERNANCE of the company THR Marea Neagra SA**

The Board of Directors, starting with 11.08.2020, respectively the Supervisory Board and the Directorate until 11.08.2020, met regularly in the meeting, according to the provisions of Law 31/1990 republished and whenever it was needed, its attributions being provided in the Articles of Incorporation.

One of the constant concerns of the members of the Board of Directors and Executive management starting with 11.08.2020, respectively of the members of the Supervisory Board and the Directorate until 11.08.2020, was the increase of sales through the development of the sales compartment, the identification of new customers and the loyalty of the traditional customers. Also, the policy of promoting tourism products was envisaged by launching special offers and customized offers for specific categories of tourists.



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

The company actively sought out potential customers, organized public tenders and conducted appropriate publicity for such transactions.

The company's disputes are systematically monitored by the Board of Directors and the Executive management after 11.08.2020 (by Cs and Directorate until 11.08.2020), so that each meeting of the Board had at least one item on the main litigations of the company. The options that the company has in these cases were analyzed and, where appropriate, law firms specialized in such litigation were hired.

The Board of Directors named in AGOA at 11.08.2020 created the audit commission composed by Raduta – Gib Tony – Cristian, Ms. Veres Diana and Mr. Mailat Dinu Serban;

The attributions of the Board of Directors are clearly established, being stipulated in the Articles of Incorporation of the company approved in AGEA at 11.08.2020 and in the mandate contracts concluded with the Company.

In the year 2020, within the company there was an internal control system, working procedures were established for the main activities. Internal control is ensured at all levels, within the company being organized an Office of internal financial control and management.

The internal audit activity was provided by Romar-CO Audit SRL, an audit that is directly subordinated to the Board of Directors.

The company adhered to a Corporate Governance Code, drawing up annually the Declaration of conformity provided by the CGC.

The financial and accounting reports of the company are sent to the tax authorities and market bodies, within the deadlines provided by law.

The company registers on the date of 31.12.2020 a registered capital amounting to 57,894,993.90 lei, subscribed and paid up share capital, representing a number of 578,949,939 registered, ordinary, dematerialized and indivisible shares with a nominal value of 0.1 lei / share. The company thus complies with the provisions of Article 10 of Law 31/1990 on commercial companies, regarding the minimum level of share capital for joint stock companies.

All the shares can be freely traded on the Bucharest Stock Exchange, without any limitation regarding the holding of securities, the need to obtain the approval of the issuer or other holders of securities.



# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

During the year 2020, in AGEA at 05.10.2020 it is decided the reduction of the social capital though the annulment of the own shares, being realized the registration of the mentions at ONRC at the beginning of 2021, therefore, at 31.12.2020, the capital and the shareholders' structure, taken over from the BVB website is as follows:

Shareholders	Percentage (%)	Shares number	Capital value (lei)
SIF Transilvania S.A.	77,7131%	449.920.140	44.992.014,00
Others (legal and natural person)	22,2869%	129.029.799	12.902.979,90
<b>TOTAL</b>	<b>100,0000%</b>	<b>578.949.939</b>	<b>57.894.993,90</b>

The company has no schemes for granting shares to employees and there are no restrictions on voting rights. Also, it is not aware of agreements between shareholders that may result in restrictions on the transfer of securities and / or voting rights.

The appointment or replacement of the members of the management of the company, as well as the modification of the constitutive acts are done according to the legal provisions.

So far, the proposals of members in the Board of Directors have been made by the majority shareholder, the appointment being decided by the General Meeting of Shareholders. The chairman of the Board of Directors is elected by vote of the members of the Supervisory Board.

Concerning the appointment of the Directors, this is done by the Board of Directors.

The Conference of the General Meetings of the Shareholders are held as follows:

- check the list of presence of the shareholders, the share capital that each represents and the fulfillment of the legal requirements and the provisions of the Articles of Incorporation for holding the General Meeting;

- the items on the meeting agenda are presented and put to the vote;

- AGA decisions are taken by open vote, except for the appointment of the members of the Supervisory Board and the financial auditor for whom the secret vote is compulsory;

- the result of the votes shall be verified and recorded in the minutes of the meeting.

The shareholders have non-patrimonial rights (the right to attend the general meetings of the shareholders, the right to vote, the right to inform) and patrimonial rights (the right to dividends and the right to alienate the shares).





# S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## 11. Conclusions and proposal for sharing the company's profit

In the year 2020, the company carried out its activity in accordance with the provisions of the Articles of Incorporation, of A.G.A. decisions, of the Income and Expenses Budget, in compliance with the legislation in force regarding the organization and reflection in accounting of the specific activity, as well as the regulations of the capital market.

**At the end of the year 2020, the Company registered a net profit of 4,579,520 lei, on which the Board proposes to be distributed as follows:**

<b>1. At the legal reserve according to art. 183 of the Law 31/1990 of the commercial company, republished</b>	<b>336,962.00 lei</b>
<b>2. Distribution to other reserves</b>	<b>210,498.60 lei</b>
<b>3. The distribution of dividends to shareholders (gross dividend/share = lei)</b>	<b>4,032,059.40 lei</b>

**Administration Board,**  
Mr.Fratila Constantin





## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

### Compliance with the state of Corporate Governance Code of

**BVB**

Requirements to be observed	Conformat ion Yes/No/Partial	Explanations
<b>A.1</b> All companies should have internal regulation of the Board which includes terms of reference/responsibilities for Board and key management functions of the company, applying, among others, the General Principles of Section A.	No	The opportunity to draw up such a regulation will be analyzed
<b>A.2</b> Provisions for the management of conflict of interest should be included in Board regulation. In any event, members of the Board should notify the Board of any conflicts of interest which have arisen or may arise, and should refrain from taking part in the discussion (including by not being present where this does not render the meeting non-quorate) and from voting on the adoption of a resolution on the issue which gives rise to such conflict of interest.	Partial	The opportunity to draw up such a regulation will be analyzed
<b>A.3</b> The Supervisory Board or Board of Directors should have at least five members.	Yes	
<b>A.4</b> The majority of the members of the Board of Directors should be non-executive. At least one member of the board of directors or the supervisory board must be independent in the case of companies in the standard category. Not less than two non-executive members of the Board of Directors should be independent, in the case of Premium Tier Companies. Each independent member of the Board of Directors or of the Supervisory Board, as the case, should submit a declaration that he/she is independent at the moment of his/her nomination for election or re-election as well as when any change in his/her status arises, by demonstrating the ground on which he/she is considered independent in character and judgment and according to the following criteria:	Yes	
<b>A.4.1</b> is not the Chief Executive Officer / Chief Executive Officer of the Company or a Company controlled by it, and has not held such a position for the past five (5) years;	Yes	



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

<b>A.4.2</b> not employed by the company or a company controlled by it and has not held such a position for the past five (5) years;	Yes	
<b>A.4.3</b> do not receive or receive additional remuneration or other benefits from the company or a company controlled by it other than those of the non-executive trustee;	Yes	
<b>A.4.4</b> not is nor was, or has not, or had, during the previous year, a contractual relationship with a significant shareholder of the company, a shareholder controlling more than 10% of the voting rights, or a company controlled by it;	Yes	
<b>A.4.5</b> does not have and did not have a business or professional report with the company or a company controlled by it, either directly or as a client, partner, shareholder, member of the Board / Administrator, general manager / executive director or employee of a company if, by virtue of its substantive nature, this report may affect its objectivity;	Yes	
<b>A.4.6</b> is not and has not been for the past three years the external or internal auditor or partner or associate employee of the current external financial auditor or the internal auditor of the company or a company controlled by it;	Yes	
<b>A.4.7.</b> is not the general manager / executive director of another company where another general manager / executive director of the company is non-executive;	Yes	
<b>A.4.8</b> has not been a non-executive manager of the company for more than 12 years;	Yes	
<b>A.4.9</b> has no family ties with a person in the situations referred to in A.4.1. and A.4.4.	Yes	
<b>A.5</b> A Board member's other relatively permanent professional commitments and engagements, including executive and non-executive Board positions in companies and not-for-profit institutions, should be disclosed to shareholders and to potential investors before appointment and during his/her mandate.	Yes	
<b>A.6</b> Any member of the Board should submit to the Board, information on any relationship with a shareholder who holds directly or indirectly, shares representing more than 5% of all voting rights. This obligation concerns any kind of relationship which may affect the position of the member on issues decided by the Board.	Yes	



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

<b>A.7</b> The company should appoint a Board secretary responsible for supporting the work of the Board.	Yes	
<b>A.8</b> The corporate governance statement should inform on whether an evaluation of the Board has taken place under the leadership of the chairman or the nomination committee and, if it has, summarize key action points and changes resulting from it. The company should have a policy/guidance regarding the evaluation of the Board containing the purpose, criteria and frequency of the evaluation process.	No	There is no legal obligation to evaluate the Council
<b>A.9</b> The corporate governance statement should contain information on the number of meeting of the Board and the committees during the past year, attendance by directors (in person and in absentia) and a report of the Board and committees on their activities.	Yes	
<b>A.10</b> The corporate governance statement should contain information on the precise number of the independent members of the Board of Directors or of the Supervisory Board.	Yes	
<b>A.11</b> The Board of Premium Tier companies should set up a nomination committee formed of non-executives, which will lead the process for Board appointments and make recommendations to the Board. The majority of the members of the nomination committee should be independent.	No	We do not fall within Premium category
<b>B.1</b> The Board should set up an audit committee, and at least one member should be an independent non-executive. The majority of members, including the chairman, should have proven an adequate qualification relevant to the functions and responsibilities of the committee. At least of the audit committee should have proven and adequate auditing or accounting experience. In the case of Premium Tier companies, the audit committee should be composed of at least three members and the majority of the audit committee should be independent.	Yes	
<b>B.2</b> The audit committee should be chaired by an independent non-executive member.	Yes	
<b>B.3</b> Among its responsibilities, the audit committee should undertake an annual assessment of the system of internal control.	Yes	



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

<b>B.4</b> The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and internal control reports to the audit committee of the Board, management's responsiveness and effectiveness in dealing with identified internal control failing or weaknesses and their submission of relevant reports to the Board.	Yes	
<b>B.5</b> The audit committee should review conflicts of interests in transactions of the company and its subsidiaries with related parties.	Yes	
<b>B.6</b> The audit committee should evaluate the efficiency of the internal control system and the risk management system.	Yes	
<b>B.7</b> The audit committee should monitor the application of statutory and generally accepted standards of internal auditing. The audit committee should receive and evaluate the reports of the internal audit team.	Yes	
<b>B.8</b> Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by cyclical (at least annual), or ad-hoc reports to be submitted to the Board afterwards.	Yes	
<b>B.9</b> No shareholder may be given undue preference over other shareholders with regard to transactions and agreements made by the company with shareholders and their related parties.	Yes	
<b>B.10</b> The Board should adopt a policy ensuring that any transaction of the company with any of the companies with which it has close relations, that is equal to or more than 5% of the net assets of the company (as stated in the latest financial report), should be approved by the Board following an obligatory opinion of the Board's audit committee, and fairly disclosed to the shareholders and potential investors, to the extent that such transactions fall under the category of events subject to disclosure requirements.		Consider making such a policy
<b>B.11</b> The internal audits should be carried out by a separate structural division (internal audit department) within the company or by retaining an independent third-party entity.	Yes	
<b>B.12</b> To ensure the fulfillment of the core functions of the internal audit department, it should report functionally to the Board via the audit committee. For administrative purposes and in the scope related to the obligations of the management to monitor and mitigate risks, it should report directly to the chief executive officer.	Yes	



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.



Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

<b>C.1</b> The company should publish a remuneration policy on its website and include in its annual report a remuneration statement on the implementation of this policy during the annual period under review. The remuneration policy should be formulated in such a way that allows stakeholders to understand the principles and rationale behind the remuneration of the members of the Board and the CEO, as well as of the members of the Management Board in two-tier board systems. It should describe the remuneration governance and decision-making process, detail the components of executive remuneration (i.e. salaries, annual bonus, long term stock-linked incentives, benefits in kind, pensions, and others) and describe each component's purpose, principles and assumptions (including the general performance criteria related to any form of variable remuneration). In addition, the remuneration policy should disclose the duration of the executive's contract and their notice period and eventual compensation for revocation without cause. The remuneration report should present the implementation of the remuneration policy for the persons identified in the remuneration policy during the annual period under review. Any essential change of the remuneration policy should be published on the corporate website in a timely fashion.	No	The remuneration policy will be approved in the GMS
<b>D.1</b> The company should have an Investor Relations function – indicated, by person (s) responsible or on organizational unit, to the general public. In addition to information required by legal provisions, the company should include on its corporate website a dedicated Investor Relations section, both in Romanian and English, with all relevant information of interest for investors, including:	Yes	
<b>D.1.1</b> Principal corporate regulations: the articles of association, general shareholder' meeting procedures;	Yes	
<b>D.1.2</b> Professional CVs of the members of its governing bodies, a Board member' other professional commitments, including executive and non-executive Board positions in companies and not-for-profit insitutions;	Yes	
<b>D.1.3</b> Current reports and periodic reports (quarterly, semi-annual and annual reports) – al least as provided at item D.8 – including current reports with detiled information related to non-compliance with the present Code;	Yes	



## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

<b>D.1.4</b> Information related to general meetings of shareholders: the agenda and supporting materials; the procedure approved for the election of Board members; the rationale for the proposal of candidates for the election to the Board, together with their professional CVs; shareholders' questions related to the agenda and the company's answers, including the decisions taken;	Yes	
<b>D.1.5</b> Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions;	Yes	
<b>D.1.6</b> The name and contact data of a person who should be able to provide knowledgeable information on request;	Yes	
<b>D.1.7</b> Corporate presentations (e.g. IR presentations, quarterly results presentations, etc.), financial statements (quarterly, semi-annual, annual), auditor reports and annual reports.	Yes	
<b>D.2</b> A company should have an annual cash distribution or dividend policy, proposed by the CEO or the Management Board and adopted by the Board, as a set of directions the company intends to follow regarding the distribution of net profit. The annual cash distribution or dividend policy principles should be published on the corporate website.	No	To be drawn up
<b>D.3</b> The company will adopt a policy with respect to forecasts, whether they are distributed or not. Forecasts means the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called assumptions): by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented. The policy should provide for the frequency, period envisaged, and content of forecasts. Forecasts, if published, may only be part of annual, semi-annual or quarterly reports. The forecast policy should be published on the corporate website.	No	The opportunity to draw up forecasts policies will be analyzed
<b>D.4</b> The rules of general meetings of shareholders should not restrict the participation of shareholders in general meetings and the exercising of their rights. Amendments of the rules should take effect, at the earliest, as of the next general meeting of shareholders.	Yes	





## S.C. TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452  
Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,  
IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

<b>D.5</b> The external auditors should attend the shareholders' meeting when their reports are presented there.	Yes	
<b>D.6</b> The Board should present to the annual general meeting of shareholders a brief assessment of the internal controls and significant risk management system, as well as opinions on issues subject to resolution at the general meeting.	Yes	
<b>D.7</b> Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairman of the Board. Accredited journalists may also participate in the general meeting of shareholders, unless the Chairman of the Board decides otherwise.	Yes	
<b>D.8</b> The quarterly and semi-annual financial reports should include information in both Romanian and English regarding the key drivers influencing the change in sales, operating profit, net profit and other relevant financial indicators, both on quarter-on quarter and year-on-year terms.	Yes	
<b>D.9</b> A company should organize at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the company website at the time of the meetings/conference calls.	No	The opportunity to organize teleconferences will be analyzed
<b>D.10</b> If a company supports various forms of artistic and cultural expression, sport activities, educational or scientific activities, and considers the resulting impact on the innovativeness and competitiveness of the company part of its business mission and development strategy, it should publish the policy guiding its activity in this area.	Yes	

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.**

**SEPARATE FINANCIAL STATEMENTS 31 DECEMBER 2020**

**Prepared in accordance with International Financial Reporting Standards as adopted by the EU**

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - IAS 1.10(b)**

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

(All amounts are presented in RON)

For the financial year ended at 31 December	Note	Row	(RON)	(RON)
			2020	2019
<b>Continuing operations</b>				
<i>Income from accommodation</i>	3	1	11,861,320	30,471,444
<i>Income from catering</i>	3	2	5,973,277	14,399,840
<i>Rental income</i>	3	3	3,485,443	1,616,195
<i>Other income included in turnover</i>	3	4	1,781,745	2,176,117
<i>Income from disposals of tangibles and non-current assets held for sale</i>	4	5	18,327,776	7,514,816
<i>Income from operating subsidies</i>		6	90,603	0
<i>Other income</i>	3	7	727,517	2,900,246
<b>Total Operational Income</b>		8	<b>42,247,680</b>	<b>50,078,658</b>
<i>Expenses related to inventories</i>	6	9	4,945,167	8,836,367
<i>Utility expenses</i>	6	10	1,837,344	3,047,883
<i>Employee benefits expense</i>	5	11	11,906,709	16,000,193
<i>Depreciation and amortization expenses</i>	6	12	5,904,307	9,118,537
<i>Expenses related to disposed fixed assets and assets held for sale</i>	6	13	4,728,556	2,265,609
<i>Other taxes</i>	6	14	3,400,844	4,206,628
<i>Expenses related to external services</i>	6	15	3,702,694	8,247,621
<i>Other expenses</i>	6	16	(44,273)	294,874
<b>Total Operational expenses</b>		17	<b>36,381,348</b>	<b>52,044,713</b>
<b>The result of operational activities</b>		18	<b>5,866,332</b>	<b>7,033,946</b>
<i>Financial income</i>		19	875,092	819,801

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - IAS 1.10(b)**

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

(All amounts are presented in RON)

For the financial year ended at 31 December	Note	Row	(RON)	(RON)
			2020	2019
<i>Financial expenses</i>		20	2,176	12,897
<b>Net financial result</b>		21	<b>872,916</b>	<b>806,904</b>
<b>Result before taxation</b>		22	<b>6,739,248</b>	<b>7,480,850</b>

<i>Current income tax expense</i>		23	1,781,755	898,096
<i>Specific activity tax expense</i>		24	252,008	462,548
<i>Deferred income tax expenses</i>	7	25	125,963	951,078
<i>Deferred income tax income</i>		26	0	62,935
<b>Result for continuing operations</b>		27	<b>4,579,520</b>	<b>5,592,062</b>

<b>Other comprehensive income</b>				
<i>Increase/(decrease) of revaluation surplus</i>		28	(3,605,845)	481,856
<i>Tax related to other comprehensive income</i>	7	29	(346,260)	253,563
<b>Other comprehensive income after taxation</b>		30	<b>(3,952,106)</b>	<b>735,419</b>

<b>Total comprehensive income for the period</b>		31	<b>627,414</b>	<b>6,327,481</b>
--------------------------------------------------	--	----	----------------	------------------

Earnings per share (RON/share) 0.007910 0.009659

Diluted earnings per share (RON/share) 0.007910 0.009659

The separate financial statements were approved by the Supervisory Board on March 17, 2021 and were signed by the:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MĂDĂLINA COMȘA

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF FINANCIAL POSITION+**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

As at 31 December	Note	Row	(RON)	(RON)
			2020	2019
<b>Assets</b>				
<b>Non-current assets</b>				
<i>Tangible assets</i>				
Freehold land and land improvements	8	1	60,839,652	58,938,194
Buildings	8	2	104,648,181	100,007,273
Plant and machinery, motor vehicles	8	3	3,646,896	4,432,209
Fixtures and fittings [...]	8	4	5,450,917	6,530,899
Tangible assets in progress	8	5	8,805,088	8,145,513
<i>Intangible assets</i>		6		
Concessions, patents , licenses, trademarks , similar rights and assets		7	227,647	305,332
Other intangible assets	9	8	130,559	181,944
Advance payments for intangible assets	9	9	13,286	0
Assets related to the rights to use leased assets (IFRS16)	9	10	259,470	0
Fixed receivables		11	468,339	462,004
Investment property	8,10	12	25,513,673	29,274,302
Financial assets	11	13	2,000	2,000
Deferred tax assets	7	14	0	0
<b>Total fixed assets</b>		<b>15</b>	<b>210,005,707</b>	<b>208,279,668</b>

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

As at 31 December	Note	Row	(RON)	(RON)
			2020	2019
<b>Current Assets</b>				
<i>Inventories</i>	12	16	845,860	1,665,470
<i>Current tax receivables</i>		17	109,746	0
<i>Trade receivables</i>	13	18	501,269	524,646
<i>Other receivables</i>	13	19	3,549,101	2,886,925
<i>Accrued expenses</i>	14	20	77,425	46,780
<i>Cash and cash equivalents</i>	15	21	20,578,222	31,437,052
<i>Non-current assets held for sale</i>	16	22	24,858,415	29,359,724
<b>Total Current Assets</b>		23	<b>50,520,041</b>	<b>65,920,598</b>
<b>Total Assets</b>		24	<b>260,525,748</b>	<b>274,200,266</b>
<b>Equity</b>				
<i>Share capital</i>	17	25	57,894,994	57,894,994
<i>Capital adjustment following adoption of IAS 29 for the first time</i>	17	26	85,945,333	85,945,333
<i>Share premium</i>	18	27	1,895,855	1,895,855
<i>Reserves</i>	18	28	20,926,925	28,942,320
<i>Reserves from the application of IAS 29</i>	18	29	16,745,901	16,745,901
<i>Own shares and Losses related to the sale / cancellation of equity instr.</i>		30	(299,963)	(13,975)
<i>Revaluation differences</i>	18	31	102,065,653	105,671,498
<i>Result for the period</i>	19	32	4,579,520	5,592,062
<i>Retained earnings except retained earnings from the adoption of IAS 29 for the first time</i>	19	33	61,420,101	57,814,255
<i>Retained earnings came following the application of IAS 29 for the first time</i>	19	34	(102,691,275)	(102,691,275)



**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF FINANCIAL POSITION**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

31 December	Note	Row	(RON)	(RON)
			2020	2019
<i>Other elements of equity</i>	20	35	(12,735,650)	(13,136,990)
<b>Total Equity</b>		<b>36</b>	<b>235,747,394</b>	<b>244,659,979</b>
<b>Liabilities</b>				
<b>Long-term liabilities</b>				
<i>Trade payables and other liabilities, including derivatives</i>	21	37	300.653	161,559
<i>Provisions</i>	22	38	707.852	641,672
<i>Deferred tax liabilities</i>	7	39	13.151.453	13,371,749
<b>Total Long-term liabilities</b>		<b>40</b>	<b>14.159.958</b>	<b>14,174,980</b>
<b>Current liabilities</b>				
<i>Short term loans</i>		41	1,273,484	0
<i>Trade payables and other debts, including derivatives</i>	21	42	7.434.326	7,558,557
<i>Advances and guarantees received</i>	21	43	1.683.028	7,397,021
<i>Revenues recorded in advance</i>		44	(699)	0
<i>Provisions</i>	22	45	228.257	409,730
<b>Total Current liabilities</b>		<b>46</b>	<b>10.618.396</b>	<b>15,365,308</b>
<b>Total Liabilities</b>		<b>47</b>	<b>24.778.354</b>	<b>29,540,287</b>
<b>Total Equity and Liabilities</b>		<b>48</b>	<b>260.525.748</b>	<b>274,200,266</b>

The separate financial statements were approved by the Supervisory Board on March 17, 2021 and  
were signed by the:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MADALINA COMȘA

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

**THE SITUATION OF CHANGES IN TOTAL EQUITY AT 31.12.2020**

Explanation	Share capital	Share capital adjustments IAS 29	Share premium account	Revaluation surplus	Reserve	Reserve adjustments IAS 29	Own shares and Losses related to the sale / cancellation of equity	Retained earnings except IAS 29	Retained earnings according IAS 29 first time adopted	Result for the period	Others equity	Total equity
<b>Balance at January 1 2019</b>	<b>57,894,994</b>	<b>85,945,333</b>	<b>1,895,855</b>	<b>105,189,642</b>	<b>24,201,711</b>	<b>16,745,901</b>	<b>0</b>	<b>54,909,088</b>	<b>(102,691,275)</b>	<b>9,823,215</b>	<b>(13,056,538)</b>	<b>240,857,925</b>
Reductions in output (sales, scraping, restitution)	0	0	0	(2,905,168)	0	0	0	2,905,168	0	0	0	0
Loss cancelation from previous years	0	0	0	0	0	0	0	0	0	0	0	0
Error corrections	0	0	0	0	0	0	0	0	0	0	0	0
Loss/ Net profit for the year	0	0	0	0	4,348,567	0	0	(9,823,215)	0	5,592,062	565,153	682,567
Redemption of own shares	0	0	0	0	0	0	(13,975)	0	0	0	0	(13,975)
Transfer to reserves	0	0	0	0	392,042	0	0	9,823,215	0	(9,823,215)	(645,605)	(253,562)
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,387,024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,387,024</b>
Changes in the fair value of financial investments held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation surplus	0	0	0	3,387,024	0	0	0	0	0	0	0	3,387,024
<b>Balance at 31 December 2019</b>	<b>57,894,994</b>	<b>85,945,333</b>	<b>1,895,855</b>	<b>105,671,498</b>	<b>28,942,320</b>	<b>16,745,901</b>	<b>(13,975)</b>	<b>57,814,258</b>	<b>(102,691,275)</b>	<b>5,592,062</b>	<b>(13,136,990)</b>	<b>244,659,979</b>
Reductions in output (sales, scraping)	0	0	0	(3,605,845)	0	0	0	3,605,845	0	0	0	0
Loss cancelation from previous years	0	0	0	0	0	0	0	0	0	0	0	0
Error corrections	0	0	0	0	0	0	0	0	0	0	0	0
Loss/Net profit for the year	0	0	0	0	4,348,567	0	0	14,236,246	0	4,579,520	738,302	19,554,069
Redemption of own shares	0	0	0	0	0	0	(285,988)	0	0	0	0	(285,988)
From dividend distribution	0	0	0	0	(10,368,153)	0	0					(10,368,153)
Transfer to reserves	0	0	0	0	2,352,758	0	0	(14,236,246)	0	(5,592,062)	(336,962)	(17,812,514)
<b>Other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Change in fair value of financial investments held for sale	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation surplus	0	0	0	0	0	0	0	0	0	0	0	0
<b>Balance at 31 December 2020</b>	<b>57,894,994</b>	<b>85,945,333</b>	<b>1,895,855</b>	<b>102,065,652</b>	<b>20,926,925</b>	<b>16,745,901</b>	<b>(299,963)</b>	<b>61,420,101</b>	<b>(102,691,275)</b>	<b>4,579,520</b>	<b>(12,735,650)</b>	<b>235,747,394</b>

The separate financial statements were approved by the Supervisory Board on March 17, 2021 and were signed by the:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MADALINA COMȘA

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
(All amounts are presented in RON)

Explanation	Row	2020	2019
+/- Profit or Loss	1	4,579,520	5,592,062
+ Depreciation included in cost	2	5,904,307	7,968,431
- Changes in inventories (+/-)	3	(4,481,787)	(6,935,175)
- Changes in receivables (+/-)	4	884,530	(98,684)
+ Variation of suppliers and Advance payments from customers(+/-)	5	(4,948,976)	3,888,274
- Variation other asset items (+/-)	6	4,691,038	13,280,409
+ Variation in other liabilities (+/-)	7	(697,091)	3,183,906
<b>= Cash flow from operating activities (A)</b>	<b>8</b>	<b>3,743,979</b>	<b>14,386,123</b>
+ Disposals of tangible non-current assets	9	3,298,909	8,942,631
- Purchase of tangible non-current assets	10	6,445,838	14,393,484
<b>= Cash flow from investing activities (B)</b>	<b>11</b>	<b>(3,146,929)</b>	<b>(5,450,853)</b>
+ Loans variation (+/-), as:			
+short-term loans receivable	12	1,273,484	7,500,000
- refunds of short-term loans	13	0	7,500,000
+medium and long term loans receivable	14	259,470	0
-refunds of medium and long term loans	15	29,443	0
- Dividends paid	16	12,959,390	4,909,495
<b>= Cash flow from financial activities (C)</b>	<b>17</b>	<b>(11,455,879)</b>	<b>(4,909,495)</b>
<b>+ Cash at beginning of the period</b>	<b>18</b>	<b>31,437,052</b>	<b>27,411,277</b>
<b>+ Net Cash Flow(A+B+C)</b>	<b>19</b>	<b>(10,858,830)</b>	<b>4,025,775</b>
<b>= Cash at end of the period</b>	<b>20</b>	<b>20,578,222</b>	<b>31,437,052</b>

The separate financial statements were approved by the Supervisory Board on March 17, 2021 and were signed by the:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MADALINA COMȘA

## **NOTE 1 – REPORTING ENTITY**

**The present financial statements are separate financial statements, in accordance with IAS 27.4.**

Turism, Hoteluri, Restaurante Marea Neagra S.A.(the "Company") is a company founded in 1991 that works in Romania in accordance with Law 31/1990 on companies and Law 297/2004 on the capital market.

Company name is Turism, Hoteluri, Restaurante Marea Neagra S.A. (abbreviated THR Marea Neagra S.A.). The company has the legal form of "joint stock company (JSC)" and is an entity with unlimited life.

The company is headquartered in Mangalia, Lavrion Street, no. 29, Zip code 905500

Contact details of the company are:

Telephone: 0241752452

Fax: 0241755559

Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

e-mail: [thrmareaneagra@yahoo.com](mailto:thrmareaneagra@yahoo.com)

Unique registration code in the Trade Register: 2980547

Fiscal registration code: RO 2980547

Number of Registered business: J 13/696/1991

According to the statute, the main activity of the Company is CAEN code: **5510 Hotels and other similar accommodation facilities**.

The company operates in Romania, being present on other geographic markets.

**Regulated market** where the issued securities are traded: Bucharest Stock Exchange (market symbol: EFO).

**Subscribed and paid up share capital:** 57,894,993.90 RON divided in 578,949,939 shares. In reporting the years there have been no changes in the number of shares. Of the total shares issued and outstanding at 31.12.2020:

- THR hold **2,941,452** shares redeemed;
- Subsidiary does not own shares.

The main characteristics of the securities issued by T.H.R.Marea Neagra S.A.: common, dematerialized, ordinary, indivisible and of equal value, issued at a nominal value of 0.10 RON / share.

## **NOTE 1 – REPORTING ENTITY (CONTINUED)**

Registered office of S.I.F. TRANSILVANIA S.A. is: Brasov, Nicolae Iorga Street, no.2, Brasov County.  
Group's consolidated financial statements of SIF Transilvania SA can be obtained from the registered office.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in preparing these separate financial statements in accordance with IFRS as adopted by EU, are presented below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU.

These financial statements are separate financial statements of the Company.

The accruals principle and the going concern principle have been applied when preparing these financial statements

The company has prepared the annual financial statements for the year ended 31 December 2020 in accordance with International Financial Reporting Standards as adopted by European Union, applicable to companies whose securities are admitted to trading on a regulated market, according to the Order of the Minister of Finance no. 881/2012 regarding the application of International Financial Reporting Standards by companies whose securities are admitted to trading on a regulated market and the Order of the Minister of Finance no. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, including subsequent amendments and additions.

The accounts of the Company are listed in RON, in accordance with IFRS as adopted by the European Union.

**The financial statements have been authorized for issue by the Supervisory Board on March 17, 2020.**

In accordance with IAS 29 and IAS 21, the separate financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current unit to the date of the financial statements, therefore non-monetary items should be restated using a general price index which was given at the date of acquisition or contribution. IAS 29 stipulates that an economy is considered hyperinflationary if, among other factors, the cumulative inflation exceeds 100% over a period of 3 years. In consequence, at 31.12.2015 the Company proceeded to reprocess the subscribed share capital according to IAS 29, by reconstructing the evolution of the subscribed share capital and the limitations from the registration until 2003 (mentioning the exact date and source) with the application of inflation index.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Presentation of Financial Statements**

The separate financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Company has adopted a presentation based on assessing the nature and liquidity of assets in the statement of financial position and a statement of income and expenses according to their nature in the statement of comprehensive income, considering that these methods of presentation provides information that is more relevant than other methods that would have been permitted by IAS 1.

### **Basis of valuation**

The separate financial statements are prepared using the cost method, except land and buildings which are revalued at fair value. Fair value method is applied, except for assets or liabilities for which the fair value cannot be determined reliably.

Valuation of assets and liabilities was made as:

- **Inventories** are valued at the lower value between cost and net realizable value.
- **Tangible assets** are measured initially at:
  - i) The acquisition cost, for those acquired for consideration;
  - ii) The input value, for those received as a contribution in kind to the establishment of share capital or increase of share capital;
  - iii) At fair value at the acquisition date, for those received as free of charge.

For subsequent recognition, the Company has adopted the revaluation model.

- **Intangible assets** are initially measured at cost. After recognition, intangible assets are accounted based on the cost model, at cost less any accumulated depreciation and any accumulated impairment losses.
- **Investment properties (buildings and land)** are determined at the fair value by an independent evaluator by :
  - 1. determining replacement value;
  - 2. estimating accrued depreciation;
  - 3. determination of the remaining value of construction ;
  - 4. direct comparison method by reference to market prices in a similar and comparable in area.
- **Financial investments** are recognized at cost.
- **Non-current assets held for sale** are measured at the lower value of carrying amount and fair value less cost to sell.
- **Cash and cash equivalents** are presented in the balance sheet at cost.



## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Use of estimates and judgments**

The preparation of financial statements in accordance with IFRS as adopted by the European Union involves the use of estimates, judgments and assumptions by management that affect the application of accounting policies as reported amounts of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience and other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results may differ from these estimates.

The estimates and underlying assumptions are reviewed periodically. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period in which the estimate is revised and future periods if the revision affects both current period and future periods.

Changes in estimates, by their nature are not related to prior periods and are corrections of errors.

As an exception to the presentation of the effect of the change in estimate shown above, if such a change gives rise to changes in assets and liabilities or capital, the effect of this change will be presented through an adjustment of assets, liabilities or equity in the period in which the change has taken place.

Judgments made by management in applying IFRS that have a significant effect on the separate financial statements and estimates that involve a significant risk of a material misstatements in the next year are disclosed in Note 26.

### **2.2 General aspects of applied accounting policies**

If a standard or an interpretation specifically applies to a transaction, other event or condition, accounting policies applied to that element, it is chosen by applying the standard or interpretation in question, considering any implementation guide issued by the IASB for the standard or interpretation in question.

The accounting policies are consistently applied to transactions, other events and similar conditions, except when a standard or an interpretation requires or permits the classification of categories, for which different policies may apply to the previous.

Changing an accounting policy is permitted only under the following conditions:

- This change is required by a standard or an interpretation;
- The change will provide reliable and relevant information about the effects of transactions, events and conditions.

Significant errors of previous periods found on the recognition, measurement, presentation or disclosure of elements of financial statements should be corrected retrospectively in the first set of financial statements that are authorized for issuance by:

- restating the comparative amounts for the period or prior periods in which the error occurred; or
- restating the opening balances of assets, liabilities and equity for the farthest period presented, if the error occurred before the farthest prior period presented.
- 

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3 Standards and interpretations available in the current period**

Based on the provisions of each standard, the company has developed accounting policies in accordance. If the Standards provide alternatives solutions or exceptions, have been established policies opted for.

The company has applied starting from 2012, including 2020, the following International Financial Reporting Standards:

IAS 1	Presentation of financial statements	Fundamental Accounting Principles, structure and content of financial statements, mandatory posts and the concept of true and fair view, completed with amendments applicable from 1 January 2013.
IAS 2	Inventories	Defining of the accounting process applicable to inventories in the historical cost system: evaluation (first in - first out, weighted average cost and net realizable value) and the perimeter of allowed costs.
IAS 7	Statement of Cash Flows	Analysis of cash variations, classified into three categories: cash-flows from operating activities, cash-flows from investing activities, cash-flows from financing activities.
IAS 8	Accounting policies, Changes in Accounting Estimates and Errors	Defining the classification, the information that need to be disclosed and accounting treatment of certain items in the income statement.
IAS 10	Events after the reporting period	Requirements for when events after the end of the reporting period should generate an adjustment to the financial statements: definitions, terms and conditions, particular cases (dividends).
IAS 12	Income Taxes	Definition of tax accounting processing on the period result and detailed stipulations on deferred taxes, supplemented by amendments applicable from 1 January 2013.
IAS 16	Property, plant and equipment	Accounting treatments, net book value calculation and relevant principles regarding depreciation for most types of property, plant and equipment.
IAS 19	Employee benefits	Accounting principles regarding employee benefits: short and long term benefits, post-employment benefits, advantages on equity and allowances on termination of employment, with revisions made in 2011, applicable from January 1, 2013.
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Accounting principles for direct or indirect public aid (clear identification, concept of fair value, restraining subsidized connection etc.).

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

IAS 21	The Effects of changes in Foreign Exchange Rates	Accounting treatments of abroad activities, foreign currency transactions and restarting financial statements of a foreign entity.
IAS 23	Borrowing Costs	The definition of borrowing costs and accounting treatments: the notion of qualifying asset, how to incorporate borrowing costs in the amount of qualified assets.
IAS 24	Related Party Disclosures	Details of related party relationships and transactions (legal and natural persons) who exercises control or significant influence over one of the group's companies or the management.
IAS 26	Accounting and Reporting by Retirement Benefit Plans	Principles and information on the retirement schemes (funds), distinguishing defined contribution schemes and defined-benefit.
IAS 27	Separate Financial Statements	The principles on the presentation of the consolidated accounts, defining the obligation of consolidation and the control notion, the convergence of accounting regulations inside the group, other principles;
IAS 28	Investments in Associates	Defining the evaluation and information principles regarding investments in associates, except those held by: <ul style="list-style-type: none"> <li>a) Venture capital organizations</li> <li>b) Mutual funds, unit trusts and similar entities, including insurance funds with an investment component which are considered to be at their fair value through profit or loss or classified as held for trading and accounted in accordance to IAS 39. Financial instruments: recognition and evaluation. This kind of investment must be evaluate at their true value according to IAS 39, with the right modifications of the value seen in profit or loss during the modifications.</li> </ul>
IAS 29	Financial Reporting in Hyperinflationary Economies	The reconstruction of the equity and reserves.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

IAS 31	Interests in Joint Ventures	Accounting principles and policies to joint venture operations performed, assets or holdings in a joint venture.
IAS 32	Financial instruments: presentation	Rules of presentation (classification of debt equity, expenses or income / equity).
IAS 33	Earnings per Share	Principles of determination and representation of earnings per share.
IAS 36	Impairment of Assets	Key definitions (recoverable amount, fair value less costs of disposal, value in use, cash-generating units), the frequency of impairment test, accounting for the impairment, for goodwill impairment.
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Defining provisions and approach of estimating provisions, individual cases examined (including the problem of restructuring).
IAS 38	Intangible Assets	Definition and accounting treatments for intangible assets, recognition and measurement policies on the processing costs for research and development etc.
IAS 40	Investment Property	Establishing the evaluation method: fair value model or cost model, transfers between different categories of assets etc.
IFRS 1	First-time Adoption of International Financial Reporting Standards	The procedures for financial statements according to IAS / IFRS optional exemptions and mandatory exceptions to retrospective application of IAS / IFRS, supplemented by amendments applicable from 1 January 2013.
IFRS 5	Non-current Assets Held for Sale and Discontinued Operation	Defining an asset held for sale and discontinued operations, and the evaluation of these elements.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

IFRS 7	Financial Information: Disclosures	Financial information related to financial instruments are referring primarily to: (i) information about the significance of financial instruments; and (ii) information about the nature and extent of risks arising from financial instruments, supplemented by amendments applicable from 1 January 2013.
IFRS 9	Financial instruments	The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements)
IFRS 10	Consolidated Financial Statements	Establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11	Joint Arrangements	Establishing principles for financial reporting for entities that hold interests in jointly controlled commitments.
IFRS 12	Disclosure of Interests in Other Entities	Requires an entity to disclose information that will enable users of its financial statements to evaluate: the nature and risks associated with interests held in other entities; and the effects of those interests on the financial position, financial performance and its cash flows.
IFRS 13	Fair value measurement	The definition of fair value, establishing, in a single IFRS, a framework for measuring fair value, requiring the presentation of information on fair value.
IFRS 15	Revenue from customer contracts	It aims to establish the principles that an entity must apply in order to report useful information to users of financial statements about the nature, value, timing and uncertainty of revenue and cash flows generated by a contract with a customer. It applies to an entity's first annual IFRS financial statements for the period beginning on or after 1 January 2018, being published in May 2014 and adopted by the European Union in September 2016, with effect from the EU on 1 January 2018.
IFRS 16	Leasing contracts	Its objective is to standardize the way in which financial and operational leasing contracts are recognized in order to improve comparability in the financial statements of entities using different types of contracts.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3.1 Foreign currency translation**

**Presentation currency and functional currency**

The financial statements are presented in RON, rounded to the nearest RON, which is the reference currency, RON is both functional currency and presentation currency.

**Transactions and balances**

Transactions in foreign currency are recorded in RON at the official exchange rate at the date of settlement of transactions, Monetary assets and liabilities in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate at the day,

The exchange rates of major foreign currencies were:

	<b>31 December 2020</b>	<b>31 December 2019</b>
EUR	4.8694	4.7793
USD	3,9660	4.2608

Operations in foreign currencies are recorded in accounting in both currencies, foreign exchange and RON. Apply these accounting policies:

- conversion transactions in a foreign currency to the functional currency (RON) is performed based on the exchange rate in effect at the time the transactions occur;
- cash and cash equivalents, receivables and liabilities recorded in a currency other than RON existing liabilities at the end of a financial year, are valued at the exchange rate announced by the central bank for the last banking day of the year.

Gains and losses resulting from the settlement of transactions in a foreign currency and the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in financial result.

The conversion differences related to non-cash items such as equity securities are reported as:

- As part of the gain or loss from the adjustment to fair value if the shares held for trading;
- Included in equity in value reserve at fair value in case of units held for sale.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3.2 Property, plant and equipment**

**Measurement at recognition**

An item of property, plant and equipment that qualifies for recognition as an asset, is measured at cost.

Tangible assets are initially measured at cost (those acquired for consideration), or at the input value (those received as a contribution in kind to the establishment of share capital or increase of share capital), respectively at fair value at acquisition date (those received as free of charge).

**Evaluation after recognition**

For subsequent recognition, the Company has adopted the revaluation model.

The value of the revalued asset is its fair value at the date of revaluation. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. Revaluations are performed by independent appraisers certified by ANEVAR.

Revalued amount (in addition) substitutes the acquisition cost.

If a revaluation results in an increase in value, it should be credited to other comprehensive income and accumulated in equity under the heading "revaluation surplus" unless it represents the reversal of a revaluation decrease of the same asset previously recognized as an expense, in which case it should be recognized in profit or loss. [IAS 16,39]

A decrease arising as a result of a revaluation should be recognized as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset. [IAS 16,40]

The revaluation surplus included in equity in respect of an item of property and equipment is transferred directly to retained earnings when the asset is derecognized. It involves the transfer of the entire surplus when the asset is retired or disposed of. Transfers from revaluation surplus to retained earnings is not made through profit or loss.

Amounts paid or payable, generated daily repairs and maintenance of tangible assets are recorded at cost-owned company under accrual accounting properly influencing the income statement for the period.

Amounts paid or payable generated by operations leading to increasing the value and / or the life, property and equipment owned by upgrading or those operations that lead to a significant improvement of the technical parameters, the growth potential of generating benefits economical by them, is capitalized (properly increase the carrying value of the respective assets).



**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Depreciation**

Depreciation charges for each period are recognized in profit or loss unless they are included in the carrying amount of another asset.

Depreciation is calculated at book value (acquisition cost or revalued amount), less the residual value, using the straight-line method, over the estimated useful life of the assets. The depreciation is charged monthly to the statement of other comprehensive income. Depreciation of an asset begins when it is available for use, when it is in the location and condition necessary for it to function in the manner intended by management. Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date when the asset is derecognized. Therefore, depreciation does not cease when the asset is used or is retired from active use unless the asset is fully depreciated.

When registering revaluations, accumulated depreciation is eliminated.

The residual value and useful life of an asset shall be reviewed at least at each financial year-end. If expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Land is not depreciated.

Depreciation of other tangible assets is calculated using the straight-line method, allocating costs related to the residual value according to the corresponding life

	<b>Years</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
Buildings	50	50
Other equipment, furniture and other changes	as far as 12	as far as 12
Vehicles	as far as 14	as far as 14

**Impairment of tangible assets**

An asset is impaired when its carrying amount exceeds its recoverable amount.

At each reporting date, the entity should check if there are indicators of impairment of assets. If such indicators are identified, the entity shall estimate the recoverable amount of the asset.

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease is recognized in the profit or loss. However, the reduction is recognized in other comprehensive income to the extent that the revaluation surplus shows a credit balance for the asset. Reduction recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Derecognition**

The carrying amount of a fixed asset shall be derecognized:

- (a) when disposed, or
- (b) When no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of a fixed asset shall be included in profit or loss when the item is derecognized.  
Gains shall not be classified as revenue.

**2.3.3 Intangible assets**

**Recognition and measurement**

In recognition of an asset as an intangible asset the entity must demonstrate that the item meets the following:

The definition of an intangible asset. An intangible asset is separable, capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; and arises from contractual rights or other legal rights, whether those rights are transferable or separable from the entity or from other rights and obligations.

Recognition criteria:

- it is probable that the expected future economic benefits attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An intangible asset shall be measured initially at cost. The cost of a separately acquired intangible asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any directly attributable cost of preparing the asset for its intended use.

For intangible assets acquired free of charge or for symbolic consideration through a government grant, the entity recognizes the asset initially at nominal value plus any costs directly attributable to preparing the asset for its intended use.

Intangible assets according to generally accepted regulations cannot be acquired through exchange of assets, which are treated as separate deliveries.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recognition of expenses**

Expenditure on an intangible item shall be recognized as an expense when it is incurred unless they are part of the cost of an intangible asset that meets the recognition criteria.

Expenditure on an intangible item that was initially recognized as an expense shall not be recognized as part of the cost of an intangible asset at a later date.

**Evaluation after recognition**

After recognition, an intangible asset is accounted for under the cost model, namely at its cost less any accumulated depreciation and any accumulated impairments.

**Amortization**

Computer software is amortized over a period between 1 year and 5 years, and licenses for the period of validity, using the straight-line depreciation method.

**2.3.4 Cash and cash equivalents**

Cash and cash equivalents are presented in the statement of financial position at cost. For the purpose of statement of cash-flows, cash and cash equivalents include petty cash, bank accounts, including deposits with a maturity of three months or less, cash in transit, other short-term financial investments with high liquidity with a maturity of three months or less and overdraft facilities.

**2.3.5 Trade receivables**

Trade receivables are categorized as financial assets.

A financial asset is recognized in the statement of financial position when, and only when the company becomes part of the certain contractual terms of the instrument.

Trade receivables are carried at original invoice amount less allowance (impairment test) recognized for doubtful receivables. The amount of the trade receivables allowance is calculated as difference between the carrying amount and the recoverable amount.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3.6 Financial assets and liabilities**

**Classification**

The Company classifies financial instruments held in the following categories:

*Financial assets and liabilities measured at fair value through profit and loss*

This category includes financial assets or financial liabilities held for trading and financial instruments classified at fair value through profit or loss at initial recognition. A financial asset or liability is classified in this category if it was mainly purchased for speculative purposes or if it has been designated in this category by management.

*Investments held-to-maturity*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as held for sale. Held-to-maturity investments are measured at amortized cost.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than held for trading or designated on initial recognition as assets at fair value through profit or loss or as held for sale.

*Financial assets held for sale*

Financial assets held for sale are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Financial assets held for sale are measured at fair value in the statement of financial position. Changes in the fair value of financial asset, other than gains or losses from exchange rate variations, are recognized in equity. When the asset is derecognized, the gain or loss is transferred to profit or loss.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recognition**

Financial assets and liabilities are recognized at the settlement date, respectively at the date on which the financial instruments are sold or purchased. Financial assets and liabilities are initially measured at fair value, plus directly attributable transaction costs, except for investments in shares which fair value could not be determined reliably and which are initially recognized at cost.

**Amortized cost measurement**

Amortized cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition minus principal payments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount and minus any write down for impairment or uncollectability.

**Fair value measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value is the amount at which an asset can be traded or a debt settled, between interested and informed parties, in a transaction carried out under objective conditions at the date of valuation. According to IFRS 13, the fair value measurement of assets of the nature of fixed assets meant taking into account the characteristics of the assets that the market participants would take into account when determining the price of the asset at the valuation date. The establishment of the fair value was carried out by an independent external evaluator and is assimilated to the level 2 provided by IFRS 13 for the data taken into account when establishing the fair values on December 31, 2018, the financial reporting date. At the Company level it was not the case to change the level provided by IFRS 13 for the data taken into account when establishing the fair values. Also, the maximum use value for assets valued at fair value does not differ from the current value of use.

Fair value measurement assumes a transaction taking place in the active market for the asset or liability. A financial instrument is traded on an active market, if quoted price are available quickly and regularly for that certain financial instrument. Financial assets available for sale for which there is not an active market and for which it is not possible to determine a fair value, are measured at cost and annually tested for impairments.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include techniques based on the net present value, discounted cash flow method, the method of comparison to similar instruments for which there is an observable market price and other evaluation methods.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Identification and measurement of impairment**

*Financial assets measured at amortized cost*

An entity is required to assess at each balance sheet date whether there are any indicators of impairment. A financial asset or group of assets is impaired, only if there are indicators of impairments as a result of one or more events that occurred after the initial recognition of the asset (“loss generating event”), and these events have an impact of the future cash-flows generated from the asset or from the group of assets, which can be measured reliably.

If any such impairment indicators exist, the entity is required to perform a detailed impairment calculation to determine whether any impairment should be recognized or not. The impairment should be amounted to the difference between the asset's carrying amount and the net present value of estimated discounted cash flows using the initial effective interest rate.

If a financial asset measured at amortized cost has a variable interest rate, the discount rate for measuring any loss of damping is current variable interest rate, specified in the contract. The carrying amount of the asset is diminished by the use of an allowance account. Impairment losses are recognized in profit or loss.

In the subsequent period of an event occurring after the recognition of impairments will generate a decrease of the impairments previously recognized. The impairment loss is reversed either directly or by adjusting an allowance account. Reduction of the impairment loss is recognized in profit or loss.

*Available-for-sale financial assets*

The Company assesses at each balance sheet date whether there are indicators of impairment of the financial asset or group of financial. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the share below its cost is considered to determine whether the assets are impaired or not.

If such indicators of impairment exist for the available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and is recognized in profit or loss. Impairment losses recognized in the income statement and within equity instruments are not reversed through profit or loss. If, in a subsequent period, the amount fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Given the intrinsic limitations of the applied methodologies and significant uncertainty of the valuation of assets in international markets and local, the Company's estimates may be revised significantly after the date when the financial statements are authorized for issue.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Derecognition**

The company derecognizes a financial asset when the rights to receive cash flows from the financial asset expire or when the Company has transferred its rights to receive the contractual cash flows attributable to the financial asset in a transaction in which it has substantially transferred all the risks and rewards of ownership.

Any interest in transferred financial assets retained by the Company or created for the Company is recognized as a separate financial asset or liability.

The Company derecognizes a financial liability when its contractual obligations have been completed or when its contractual obligations are canceled or expires.

**2.3.7 Employee Benefits**

The Company makes payments to pension funds, health funds, unemployment funds, allowances and vacations for all staff. All employees of the Company are members of the state pension plan. These expenses are recognized in profit or loss for the period covered.

The Company does not operate any other pension plan or retirement benefits so it has no other obligations in respect of pensions.

**2.3.8 Income tax**

**Recognition of current tax assets and liabilities**

The current tax liability for the reporting period and prior periods is recognized to the extent that it is not paid.

If the amounts paid in current period and in prior periods exceeds the amount due for those periods, the excess is recognized as current tax asset.

Benefits relating to a tax loss that can be transferred in order to recover income tax of a previous period is recognized as current tax asset.

Liabilities (or assets) for the current period income tax and prior periods are measured at the amount expected to be paid (recovered) to (by) the tax authorities, using the tax rates (and legislation) applicable at the balance sheet date.



**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Recognition of deferred tax assets and liabilities**

Tax liability is calculated by using the balance sheet method, based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws), that have been enacted or substantially adopted at the balance sheet date and are expected to apply when the related deferred income tax is realized or the deferred income tax is settled.

The main temporary differences arise from the following operations:

- i. Application of tax incentives, consisting of additional deduction of 20% of the book value of assets, when the assets are available for use
- ii. Application of accounting treatments different from the fiscal treatment regarding the recognition of investment properties
- iii. The existence of settlement periods greater than one year
- iv. Application of accounting treatments different from the fiscal treatment regarding the recognition of revaluation surplus
- v. Application of accounting treatments different from the fiscal treatment regarding the recognition of materials in the form of small inventory

Deferred tax arising from the fair value of non-current assets held for sale, which are directly credited or debited in equity will be subsequently recognized in profit or loss together with the deferred gain or loss.

Deferred tax assets are recognized to the extent that there is likelihood of future taxable profit of which can be recovered temporary difference.

A deferred tax asset must be recognized for all deductible temporary differences to the extent that it is probable taxable profit will be available against which the deductible temporary difference can be used, except the case when the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- i) is not a business combination;
- ii) at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

A deferred tax asset for the carried forward losses and unused tax credits will be recognized by the Company to the extent that it is probable to exist future taxable profits against which the losses and unused tax credits can be used.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3.9 Specific activity tax**

Starting from January 1st 2017, THR Marea Neagra applied the provisions according to Law 170/ 2016 on the specific activities tax taking in consideration the principal activity corresponding to CAEN 5510 - " Hotels and other accommodation facilities',

**2.3.10 Provisions**

Provisions are liabilities of uncertain timing or amount.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

If the Company expects a partial or full reimbursement of the expenditure required to settle a provision (e.g. insurance contracts) it shall:

- a) recognize a reimbursement only if it is certain that it will take place if the company will fulfill its obligations and the amount recognized for a reimbursement will not exceed the provision;
- b) recognize the amount refunded as a separate asset. In statement of comprehensive income, expenditure related to a provision may be presented after the recognized amount of repayment was decreased.

Provisions shall be reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If an outflow of resources embodying economic benefits is not probable, the provision must be reversed.

No provision is recognized for costs that are incurred for this activity in the future.

Company records provisions for onerous contracts in situations where the expected benefits to be derived from a contract are lower than the unavoidable costs associated with contractual obligations.

Provisions are recognized when the company has a legal or constructive obligation arising from past events, when it is necessary to settle the obligation that an outflow of resources embodying economic benefits and when the amount of the obligation can be measured reliably.

**2.3.11 Recognition of income**

Revenues of the Company are accounted for by their nature (operational, financial).

Revenue should be measured at the fair value of the consideration received or receivable. In the case of a financial transaction, the fair value is determined by discounting all future receipts, using a default interest rate, the difference from the book value being interest income. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, the income should be recognized only to the extent of the expenses recognized that are recoverable.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits for the entity and do not result in increases in equity. Therefore, they are excluded from income. Similarly, in the case of a Management Agreement, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenues, instead revenues are represented by commissions.

Revenues from rendered services are accounted as the services are rendered. The provided services include the execution of works and any other operations that cannot be considered as delivery of goods. The stage of completion of the work is determined based on the situation of works that accompany the invoices, records receptions or other evidence regarding the stage of completion and services reception. For recognition is required to exist the probability that the economic benefits associated with the transaction will flow to the company, the final stage of the transaction at the end of the period and the costs incurred for the transaction and those for completion of the transaction can be measured reliably.

Interest incomes are recognized using the effective interest method proportional to the relevant period of time, based on the principal and the effective rate over the period to maturity or shorter period if it binds transaction costs, it is established that the company will obtain such income. When unpaid interest has accrued before the acquisition of an interest-bearing investment, the subsequent receipt of interest is allocated between pre-acquisition and post-acquisition; only the post-acquisition portion is recognized as revenue.

Income from financial assets, respectively dividends receivable from entities in which the Company holds equity, are recognized in the financial statements of the Company in the financial year when they are approved by the General Meeting of each entity. The nominal value of shares that are received free of charge is also recorded as income from financial assets, as a result of direct incorporation of the profit for the last period in the equity of an entity in which shares are held.

Shares received free of charge after the issuer's share capital increases, increases made by incorporating the current year profit are accounted for as dividend income to the nominal value (cost), which were later recognized at fair value.

Income derived from the sale / disposal of investments held are recognized at the time when their ownership is transferred from the seller to the buyer, using settlement date accounting.

Revenues from sales of shares are recognized on a gross basis (transaction amount), and those resulting from transactions with short-term financial investments are recognized on a net basis (difference between the sales and cost).

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3.12 Dividend Payment**

The company recorded obligation to pay dividends in the year in which the dividend distribution of profit is approved by the General Meeting of Shareholders.

**2.3.13 Activity segments**

The Company's management reviews the Company's overall activity (using statutory information). Information regarding business segments has not been obtained.

**2.3.14 New international standards not applied by the Company**

The entity does not apply some IFRS or new stipulations regarding IFRS issued, but not in effect at the date of the financial statements. The company cannot estimate the impact of applying these stipulations and intends to apply them when they come into force. Among the issued, but not adopted standards, the company will not face the situation to prospectively apply neither of them. These are:

- IFRS 17 "Insurance Contracts", issued on 18 May 2017, with effect from 1 January 2023.
- Amendments to IFRS 4 "Insurance Contracts", published on June 25, 2020, with effect from January 1, 2021.
- Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 "Interest rate benchmark reform", published on August 27, 2020, with effect from January 1, 2021. "

**NOTE 3 – OPERATING INCOME, LESS INCOME FROM ASSET SALES**

The main activity of the company is tourist accommodation services, catering and entertainment. Suitable the tourist traffic, the company recorded operating income following:

RON

Indicator	Financial year ended as at 31 December 2020	Financial year ended as at 31 December 2019	Index 2020 / 2019 (%)
<b>Turnover, including</b>	<b>23,101,785</b>	<b>48,663,596</b>	<b>47.47%</b>
<i>Income from accommodation</i>	11,861,320	30,471,444	38.93%
<i>Income from catering</i>	5,973,277	14,399,840	41.48%
<i>Rental income</i>	3,485,443	1,616,195	215.66%
<i>Other income included in turnover</i>	1,781,745	2,176,117	81.88%
<b>Income from disposed fixed assets and non-current assets held for sale</b>	<b>18,327,776</b>	<b>7,514,816</b>	<b>243.89%</b>
<b>Income from operating subsidies</b>	<b>90,603</b>	<b>0</b>	<b>-</b>
<b>Other income</b>	<b>727,517</b>	<b>2,900,246</b>	<b>25.08%</b>
<b>Total operational income</b>	<b>42,247,680</b>	<b>59,078,658</b>	<b>71.51%</b>

**NOTE 4 - INCOME FROM DISPOSAL OF FIXED ASSETS AND NON-CURRENT ASSETS HELD FOR SALE**

RON

Explanation	Financial year ended as at 31 December 2020	Financial year ended as at 31 December 2019
Income from disposed fixed assets	275,954	168,090
Income from non-current assets held for sale	18,051,822	7,346,729
<b>Income from disposal of fixed assets and non-current assets held for sale</b>	<b>18,327,776</b>	<b>7,514,816</b>

Income from disposed fixed assets for 2020 are result of selling the following:

a) Income from disposed assets:

- Bufet Luna Park in Saturn - land
- Honda car, Fiat Ducato car, 3 pieces, tractor + tariler

b) Income from assets held for sale:

- Atena complex - building and related land
- Dunărea restaurant - building and related land
- Hotel Gloria – building.

**NOTE 5 - EMPLOYEE BENEFITS EXPENSES, INFORMATION REGARDING EMPLOYEES AND MEMBERS OF THE ADMINISTRATION BOARD AND MANAGEMENT**

Employee benefits expenses are presented as follows:

RON

<b>Explanation</b>	<b>Financial year ended as at 31 December 2020</b>	<b>Financial year ended as at 31 December 2019</b>
<b>Salaries</b>	<b>10,899,265</b>	<b>14,683,088</b>
<i>Board of directors salary expenses ( Supervisory Board starting from November, 2017)</i>	<i>1,339,164</i>	<i>1,146,314</i>
<i>Employees salary</i>	<i>9,560,101</i>	<i>13,536,774</i>
<b>Expenses with social contributions</b>	<b>464,968</b>	<b>606,697</b>
<b>Expenses with insurance contribution for work</b>	<b>243,613</b>	<b>330,603</b>
<b>Meal vouchers expenses</b>	<b>298,862</b>	<b>379,806</b>
<b>TOTAL</b>	<b>11,906,709</b>	<b>16,000,194</b>

The Company has no contracted obligations to pay pensions to former members of the Board of Directors, management and oversight, and therefore has no accrual of such commitments.

The Company has not granted or granted credits or advances (except for wage advances and / or to cover delegation expenses) to members.

The Supervisory Board and the Executive Directors. Accounting does not account for commitments of this nature in the balance at the end of 2020. During the financial year 2020, the Company switched from the dual management system to the unitary one.

Compared to 2019, in 2020 there is a reduction in the average number of staff on the whole and in the structure on the seasonal segment, due to the restriction of activity due to the Pandemic with COVID-19.

<b>No.</b>	<b>Indicator</b>	<b>Number at 31.12.2020</b>	<b>Average number in 2020</b>	<b>Average number in 2019</b>
<b>A</b>	<b>Permanent staff. showing separately:</b>	<b>93</b>	<b>94</b>	<b>101</b>
	a) TESA staff	36	33	35
	b) Operative staff	57	61	66
<b>B</b>	<b>Seasonal staff</b>	<b>37</b>	<b>153</b>	<b>259</b>
	<b>Total staff</b>	<b>130</b>	<b>247</b>	<b>360</b>

The company has no obligations for pension plans, other than those provided by Law no. 263/2010 on the unitary pension system, as subsequently amended and supplemented.

**NOTE 6 - OPERATIONAL EXPENSES (EXCEPT EMPLOYEE BENEFITS)**

RON			
No.	Operational Expenses	Financial year ended as at 31 December 2020	Financial year ended as at 31 December 2019
<b>1</b>	<b>Expenses related to inventories:</b>	<b>4,945,167</b>	<b>8,836,367</b>
1.1.	<i>Raw materials and consumables expenses</i>	2,057,729	2,630,312
1.2.	<i>Materials in form of small inventories and packaging expenses</i>	892,307	1,669,407
1.3.	<i>Merchandise expenses</i>	1,995,307	4,536,647
<b>2</b>	<b>Utility expenses</b>	<b>1,837,344</b>	<b>3,074,883</b>
<b>3</b>	<b>Amortization/depreciation and impairment expenses of fixed assets</b>	<b>5,904,307</b>	<b>9,118,537</b>
<b>4</b>	<b>Expenses from disposed assets and non-current assets held for sale:</b>	<b>4,278,556</b>	<b>2,265,609</b>
<b>5</b>	<b>Other taxes, duties and similar expenses</b>	<b>3,400,844</b>	<b>4,206,628</b>
<b>6</b>	<b>External performance expenses</b>	<b>3,702,694</b>	<b>8,247,621</b>
<b>7</b>	<b>Other expenses</b>	<b>(44,273)</b>	<b>294,874</b>
7.1.	<i>Expenses with compensations, fines and penalties</i>	37,954	43,805
7.2.	<i>Sponsorship expenses</i>	2,500	0
7.3.	<i>Other expenses</i>	2,655	31,582
7.4.	<i>Provision expenses and adjustments for impairment of assets</i>	355,996	331,416
7.5.	<i>Revenue from cancellation of provisions</i>	(279,236)	(102,387)
7.6.	<i>Income from adjustments for impairment of current assets</i>	(164,141)	(9,542)
	<b>Total operational expenses (except employee benefits)</b>	<b>24,474,639</b>	<b>36,044,519</b>



**NOTE 7 – SPECIFIC ACTIVITY TAX, CURRENT TAX AND DEFERRED TAX, EARNINGS PER SHARE (CONTINUED)**

Starting from January 1<sup>st</sup> 2017, including year 2020, the Company applied the Law 170/2016 on the specific activities tax related to the activities corresponding to CAEN 5510 - "Hotels and other accommodation facilities".

The Company has a number of 4,860 accommodation places related to the specific tax (CAEN – 5510, 5610 and 5630).

According to the provisions of art. 5 paragraph 2 of the Methodological Norms for the application of Law no. 170/2016, the Company calculated the specific tax related to the period of the calendar year for which it carries out activity, the established period being from the opening of the unit until the last day of validity. of the operating license for the units in the district of Mangalia City Hall, and for those within the Eforie City Hall, as no operating licenses are issued for hotel units, the entire period of the year was taken into account. Considering the Pandemic with COVID-19, the company benefited in 2020 from fiscal facilities (GEO 48, GEO 99 and GEO 181/2020), in the sense of non-taxation during the emergency / alert periods: March 16 - May 14, 2020 (60 days), June 26 - September 23, 2020 (90 days) and October 26 - December 31, 2020 (67 days).

In table no. 1 we present a summary of specific activity tax for 2020, in table no 2, 3, 4, the specific activity tax calculation on each resort, and in table no 5 the calculation for each hotel:

**Table no. 1**

<b>Nr. no</b>	<b>Indicators</b>	<b>TOTAL year 2020</b>	<b>Total 4 stars</b>	<b>Total 3 stars</b>	<b>Total 2 stars</b>	<b>Total alimentație publică</b>
<b>1</b>	<b>Accommodation places</b>	<b>4,860</b>	992	3,152	716	<b>0</b>
	number of places buffet – independent catering	<b>364</b>	0	0	0	<b>364</b>
<b>2</b>	Standard specific activity tax (k)	<b>0</b>	271	171	113	<b>0</b>
<b>3</b>	<b>Specific activity tax /unit/ no. of days according to schedule of opening/closing in 2020 (RON)</b>	<b>252,008</b>	76,099	115,413	16,579	<b>43,917</b>

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
(All amounts are presented in RON)

**NOTE 7 – SPECIFIC ACTIVITY TAX, CURRENT TAX AND DEFERRED TAX, EARNINGS PER SHARE (CONTINUED)**

**Table no. 2**

Nr. no	Indicators	Total 4 stars	4 stars		
			Bega	Brad-Bran-	Cleopatra
1	Accommodation places	992	146	292	554
2	Standard specific activity tax (k)	271	271	271	271
3	Number of working days according to the opening and closing schedule 2020		148	148	68
4	Specific activity tax /unit/ no. of days according to schedule of opening/closing in 2020 (RON)	76,099	16,043	32,086	27,970
	Periode used for tax calculation		Jan, 1 – March, May, 15 - June, 25, Sept, 24-Oct. 21	Jan, 1 – March, May, 15 - June, 25, Sept, 24-Oct. 21	July, 01 – Sept, 15

**TABLE no. 3**

Nr. No	Indicators	Total 3 stars	3 stars						
			Hora	Balada	Sirena	Cerna	Raluca	Narcis	Diana
1	Accommodation places	3,152	566	566	566	298	260	640	256
2	Standard specific activity tax (k)	171	171	171	171	171	171	171	171
3	Number of working days according to the opening and closing schedule 2020		140	110	110	94	92	87	153
4	Specific activity tax /unit/ no. of days according to schedule of opening/closing in 2020 (RON)	179,995	37,123	29,168	29,168	13,123	11,206	26,086	18,350
	Periode used for tax calculation		Jun, 15 – Oct, 15	July, 10 – Sept, 15	July, 10 – Sept, 15	Jun, 15 – Sept, 29	July, 24 – Aug, 31	Aug, 15 – Sept, 15	Jan, 1–March, 15; May, 15–Jun, 25; Sept, 24-Oct, 25

**TABLE no. 4**

Nr. No	Indicators	Total 2 stars			
			Aida	Venus	Vraja Marii
1	Accommodation places	716	448	208	60
2	Standard specific activity tax (k)	113	113	113	113
3	Number of working days according to the opening and closing schedule 2020		31	148	148
4	Specific activity tax /unit/ no. of days according to schedule of opening/closing in 2020 (RON)	16,579	4,300	9,530	2,749
	Periode used for tax calculation		Aug, 15 - Sept, 15	Jan, 1-March, 15; May, 15-Jun, 25; Sept, 24 -Oct, 25	Jan, 1 - March, 15; May, 15-Jun, 25; Sept, 24 -Oct, 25

**NOTE 7 – SPECIFIC ACTIVITY TAX, CURRENT TAX AND DEFERRED TAX, EARNINGS PER SHARE (CONTINUED)**

**TABLE no. 5**

No.	Indicators/Coefficients	Total public services	Cold baths buffet	Beach Bar Cleopatra	Prahova Restaurant
1	Number of places initially	394	60	28	306
2	Number of places decreased	364	30	28	306
3	Standard tax value(k)		1,400	900	1,400
4	The variable according to the ranking of the locality(x)	5	5	5	5
5	The variable of the effective area of the location (y)		7	7	90
6	Seasonality coefficient(z)	0,3	0.3	0.3	0,3
7	Write-down coefficient for the technical area (q)	0.9	0.9	0.9	0,9
8	<b>F=k*x*y*z*q(RO)</b>	<b>43,917</b>	<b>4,746</b>	<b>3,051</b>	<b>36,120</b>

In accordance with the requirements of art. 10 of Law 170/2016, related to specific activities tax for some activities taking into consideration that the entity derives revenues from other activities that aren't included in the corresponding CAEN codes subjected to the specific activity tax, applying for these activities the declaration and payment system of the tax profit provided by Law no. 227/2015 with subsequent amendments and supplements.

In the current context generated by the COVID-19 crisis, in order to help the business environment and to stimulate revenues to the state budget, the tax authorities have also adopted fiscal measure granting a bonus of 10% for the payment of income tax until the due date for the 1st quarter according to GEO 33/2020 and for the 2nd and 3rd quarters according to GEO 99/2020, for small and medium taxpayers, category in which it falls our Company.

We present, the profit/gross loss broken down on the two types of activities subjected to tax and specific activity tax:

Indicators	Tax profit	Specific activity tax	Total
	31 december 2020	31 december 2020	31 december 2020
<b>Total revenue</b>	<b>25,103,087</b>	<b>18,463,062</b>	<b>43,566,149</b>
<b>Other non-taxable revenue</b>	<b>984,400</b>	<b>0</b>	<b>984,400</b>
<i>Revenue from cancellation of provisions</i>	<i>279,236</i>	<i>0</i>	<i>279,236</i>
<i>Adjusted income for impairment of current assets</i>	<i>164,141</i>	<i>0</i>	<i>164,141</i>
<i>Revenue from fair value evaluation of investment property</i>	<i>541,023</i>	<i>0</i>	<i>541,023</i>
<b>Deferred income tax revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Similar revenue elements</b>	<b>2,326,622</b>	<b>174,468</b>	<b>2,501,090</b>

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

Indicators	Tax profit	Specific activity tax	Total
	31 december 2020	31 december 2020	31 december 2020
<i>Differences in taxable revaluation of assets sold 2020</i>	2,120,237	0	2,120,237
<i>Depreciation of revaluation differences 2020</i>	34,840	101,650	136,490
<i>Taxable revaluation difference discarded assets 2020</i>	171,545	72,818	244,363
<b>TOTAL TAXABLE ELEMENTS</b>	<b>26,445,309</b>	<b>18,637,530</b>	<b>45,082,839</b>
<b>Total expenses</b>	<b>15,817,495</b>	<b>23,169,134</b>	<b>38,986,628</b>
<b>Total non-deductible</b>	<b>2,411,652</b>	<b>282,627</b>	<b>2,694,279</b>
Tax profit expense	1,781,755	0	1,783,379
Deffered tax expense	125,965	0	125,965
Specific activity tax expense	0	252,008	252,008
Fines and penalties	4,425	0	4,425
Sponsorship expense	2,500	0	2,500
Not deductible fiscal depreciation expense ( fixed assets depreciation 20%, small inventory depreciation reclassified as fixed assets)	37,862	30,619	68,481
Variable allowance provision	355,996	0	355,996
Non-deductible protocol expenses (account 6232)	15,030	0	15,030
Expenses with employee rents	16,080	0	16,080
Expenses with medium amortization. with max 9 seats	72,039	0	72,039
Tax depreciation expense ( fixed assets tax amortization facilit.20%, tax depreciation small inventories.reclasif.as fixed assets)	30,290	24,503	57,793
<b>TOTAL DEDUCTIBLE EXPENSES</b>	<b>13,436,133</b>	<b>29,911,010</b>	<b>36,347,143</b>
<b>Gross profit</b>	<b>11,193,312</b>	<b>(4,454,064)</b>	<b>6,739,248</b>
<b>Accounting profit for the legal reserve (gross profit)</b>	<b>11,193,312</b>	<b>(4,454,064)</b>	<b>6,739,248</b>
Legal reserve (5% x accounting profit for the legal reserve)	559,666	(222,703)	336,962
Taxable profit	12,449,510	0	12,449,510
Profit tax before applying 10% bonus	1,991,922	0	1,991,922
Net profit before granting bonus	9,075,425	(4,706,072)	4,369,354
<b>Profit tax established on 30.09.2020 excluding the 10% bonus</b>	<b>2,101,668</b>	<b>0</b>	<b>2,101,668</b>
<b>Profit tax to be established before the bonus</b>	<b>(109,747)</b>	<b>0</b>	<b>(109,747)</b>
<b>Bonus January-September 2020 (10%)</b>	<b>210,167</b>	<b>0</b>	<b>210,167</b>
<b>Bonus quarter 4, 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

Indicators	Tax profit	Specific activity tax	Total
	31 december 2020	31 december 2020	31 december 2020
Profit tax recoverable	(109,747)	0	(109,747)
Profit tax due on 31.12.2020	1,781,755	0	1,781,755
Net profit available for distribution (before according bonification)	9,285,592	(4,706,072)	4,579,520

For the establishment of the common expenses that have been taken into account in the determination of the outcome of the tax, the company has used the method of allocation in proportion to the share of revenue from the activities concerned in the total revenues achieved.

The deferred tax liability has been calculated by multiplying the taxable temporary difference with a 16% tax rate:

RON

Year	Explanation	Total	Tax rate	Deferred tax assets/liabilities	Differences from previous year
2020	Temporary differences recognized in profit and loss	4,642,225	16%	742,756	125,965
	Temporary differences recognized in equity	77,499,209	16%	12,399,873	(346,260)
	Temporary differences recognized in retained earnings	0	16%	0	0
	<b>Total Deferred income tax at 31.12.2020</b>	<b>84,077,231</b>	16%	<b>13,452,357</b>	<b>(220,296)</b>
2019	Temporary differences recognized in profit and loss	3,854,946	16%	616,791	(62,935)
	Temporary differences recognized in equity	79,663,337	16%	12,746,134	253,563
	Temporary differences recognized in retained earnings	0	16%	0	0
	<b>Total Deferred tax liability as at 31.12.2019</b>	<b>83,518,283</b>	16%	<b>13,362,925</b>	<b>190,628</b>

**NOTE 7 – SPECIFIC ACTIVITY TAX, CURRENT TAX AND DEFERRED TAX, EARNINGS PER SHARE (CONTINUED)**

**Earnings per share**

The earnings per share is calculated by dividing the net profit attributable to the shareholders of the company for the financial year 2020 in the amount of 4,579,520 RON to the weighted average number of ordinary shares outstanding of 578,949,939 RON adjusted by the value of own shares held. Diluted earnings per share is determined by adjusting the net profit attributable to ordinary equity holders and the weighted average number of shares outstanding, adjusted by the amount of own shares held, with dilution effects of all ordinary potential shares.

<b>Profit attributable to ordinary shareholders</b>	<b>RON</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
Profit (loss) for the period	<b>4,579,520</b>	<b>5,592,062</b>
Profit (loss) for the period attributable to ordinary shareholders	4,579,520	5,592,062
<b>Weighted average number of ordinary shares</b>	<b>578,949,939</b>	<b>578,949,939</b>
Ordinary shares issued at 1 January	0	0
Effect of self-owned shares held	0	0
Weighted average number of ordinary shares at 31 December	578,949,939	578,949,939
<b>Earnings per share (basic)</b>	<b>0,007910</b>	<b>0,009659</b>
Profit attributable to ordinary shareholders (basic)	4,579,520	5,592,062
Convertible bonds interest expenses after tax	0	0
Profit attributable to ordinary shareholders (diluted)	54,579,520	5,592,062
<b>Weighted average number of ordinary shares (diluted)</b>	<b>578,949,939</b>	<b>578,949,939</b>
Weighted average number of ordinary shares (basic)	578,949,939	578,949,939
Effect of conversion of convertible bonds	0	0
Effect of share options issued	0	0
Weighted average number of ordinary shares (diluted) at 31 December	578,949,939	578,949,939
<b>Earnings per share (diluted)</b>	<b>0.007910</b>	<b>0.009659</b>

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

**NOTE 8 - TANGIBLE NON-CURRENT ASSETS**

RON

Description	Property	Plant	Equipment	Furniture and Fixtures	Advance payments and Work in progress	Total
0	1	2	3	4	5	6
<b>Cost or assumed cost</b>						
<b>Balance at January 1. 2019</b>	<b>58,595,548</b>	<b>112,527,453</b>	<b>16,480,623</b>	<b>17,045,137</b>	<b>1,458,471</b>	<b>206,107,232</b>
Acquisitions	0	3,485,983	873,569	31,919	12,105,769	16,497,241
Entries from assets reclassifications held for sale and real estate investments	3,278,376	2,869,227	6,180	48,051	0	6,201,834
Outflows of fixed assets (sales, disposals, shortages)	(109,060)	(27,601)	(99,604)	(76,458)	(4,268,622)	(4,581,344)
<b>Exits from the classification of tangible real estate in assets held for sale</b>	<b>(4,099,996)</b>	<b>(9,215,660)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(13,315,656)</b>
<b>Revaluation differences</b>	<b>1,277,443</b>	<b>(9,630,827)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,353,384)</b>
<b>Balance at December 31. 2019</b>	<b>58,942,311</b>	<b>100,008,575</b>	<b>17,260,768</b>	<b>17,048,694</b>	<b>9,295,618</b>	<b>202,555,922</b>
<b>Balance at January 1. 2020</b>	<b>58,942,311</b>	<b>100,008,575</b>	<b>17,260,768</b>	<b>17,048,694</b>	<b>9,295,618</b>	<b>202,555,922</b>
Acquisitions	0	8,276,603	598,142	49,917	7,284,968	15,370,500
Outflows from the classification of tangible fixed assets in assets held for sale, fixed assets investments	2,117,783	0	0	0	0	2,117,783
Exits (sales, homes)	(216,325)	(156,107)	(1,828,242)	(3,155,882)	(6,625,393)	(11,981,950)
<b>Balance at December 31. 2020</b>	<b>60,843,769</b>	<b>108,129,071</b>	<b>16,030,668</b>	<b>13,942,684</b>	<b>9,955,193</b>	<b>208,901,386</b>
<b>Amortization and impairment losses</b>						
<b>Balance at January 1. 2019</b>	<b>4,118</b>	<b>9,301,436</b>	<b>11,225,442</b>	<b>8,198,038</b>	<b>0</b>	<b>28,729,034</b>
Period amortization	0	3,783,764	1,699,971	2,381,413	0	7,865,148
Impairment losses	0	0	0	0	1,150,106	1,150,106
Amortization of non-current assets (reduction)	0	(13,083,898)	(96,855)	(61,700)	0	(13,242,453)
<b>Balance at December 31. 2019</b>	<b>4,118</b>	<b>1,302</b>	<b>12,828,558</b>	<b>10,517,751</b>	<b>1,150,106</b>	<b>24,501,835</b>
<b>Balance at January 1. 2020</b>	<b>4,118</b>	<b>1,302</b>	<b>12,828,558</b>	<b>10,517,751</b>	<b>1,150,106</b>	<b>24,501,835</b>
Period amortization	0	3,482,649	1,164,807	1,119,134	0	5,766,591
Impairment losses	0	0	0	0	0	0
Amortization of non-current assets (reduction)	0	(3,061)	(1,609,596)	(3,145,117)	0	(4,757,773)
<b>Balance at December 31. 2020</b>	<b>4,118</b>	<b>3,480,890</b>	<b>12,383,770</b>	<b>8,491,769</b>	<b>1,150,106</b>	<b>25,510,652</b>
<b>Balance at January 1. 2019</b>	<b>58,591,430</b>	<b>103,226,017</b>	<b>5,255,181</b>	<b>8,847,099</b>	<b>1,458,471</b>	<b>177,378,198</b>
<b>Balance at December 31. 2019</b>	<b>58,938,193</b>	<b>100,007,274</b>	<b>4,432,210</b>	<b>6,530,898</b>	<b>8,145,512</b>	<b>178,054,087</b>
<b>Balance at January 1. 2020</b>	<b>58,938,193</b>	<b>100,007,274</b>	<b>4,432,210</b>	<b>6,530,898</b>	<b>8,145,512</b>	<b>178,054,087</b>
<b>Balance at December 31. 2020</b>	<b>60,839,651</b>	<b>104,648,181</b>	<b>3,646,897</b>	<b>5,450,917</b>	<b>8,805,087</b>	<b>183,390,734</b>



**NOTE 8 - TANGIBLE NON-CURRENT ASSETS (CONTINUED)**

The last revaluation of tangible assets (buildings and land) was performed on 31.12.2019.

The Company proceeded to revaluation of tangible assets in the years: 1999, 2002, 2003, 2005, 2007, 2009, 2011, 2012, 2015.

Additional revaluation differences are reflected in accounting for other comprehensive income and accrued in equity as a revaluation surplus or the increase offsets a decrease from the previous revaluation of the same previously recognized asset in profit or loss in which case the increase is recognized directly into profit or loss.

Minus revaluation differences are recognized in profit or loss (unless the decrease compensates for a previous revaluation gain accumulated in equity as a revaluation surplus, in which case the decrease is recognised in other comprehensive income, decreasing the surplus from revaluation).

The revaluation differences existing in the balance at 31.12.2020 related to the assets in the patrimony are of 102,065,652,71 RON and can't be distributed to the shareholders.

The revaluation differences according to the nature of the fixed assets have the following composition:

Explicație	Financial year ended 31 December 2020	Financial year ended 31 December 2019
Land revaluation reserves	86,538,117	89,147,031
Construction revaluation reserves	13,629,767	14,020,379
Reserves from revaluation of other tangible assets	1,897,769	2,504,088
<b>Total revaluation reserves</b>	<b>102,065,653</b>	<b>105,671,498</b>

For tangible assets registered in the company's assets there were no changes in the method of determining the depreciation of tangible assets and no assets or parts of the expense expense on other expenses were reclassified.

Regarding tangible non-current assets, the company has no restrictions on the ownership title.

At 31 December, 2020, the company owns:

- all the presented assets,
- a total land area of **436,608.55** square meters (449,332.72 square meters existing at the beginning of the year, of which 6,019.35 square meters were sold for the Atena complex in Saturn, 1,016.41 square meters for the Bufet Luna Park in Saturn and 5,688.41 square meters for the Restaurant Dunărea in Saturn) obtained as follows:
  - 395,1637.01 square meters based on ownership certificates issued by the Ministry of Tourism for: Saturn S.A., Venus S.A., Eforie Nord S.A., Eforie Sud S.A. and release and receipt protocol between Neptun - Olimp S.A. and Miorita Estival 2002 S.A.,
  - 17,278.70 square meters purchased from the City Hall Eforie North, under contracts of sale - buy,
  - 24,166.84 square meters following the exchange conducted with the City Hall Mangalia and Eforie North.

**NOTE 8 - TANGIBLE NON-CURRENT ASSETS (CONTINUED)**

**Pledged, mortgaged and restricted assets**

On December 31, 2020, the Company has mortgages on the assets of Complex Hotel - Sirena Restaurant in Saturn and the related land in favor of BCR, the value of the guaranteed loan amounting to 5,000,000 RON, as at 31.12.2020 being used the sum 1,273,484 RON.

No third party compensation for depreciated assets was recorded in this asset category.

**Investments**

In 2020, the Company made investments amounting to **6,992,950 RON** plus VAT amounted to 1,328,660 RON, which are presented in the table below:

RON

No.	The investment objective	Value from which:
1	Salon and food block construction works + endowments - Restaurant Narcis	1,419,703
2	Continuation of lifting works for comfort from 2 to 3 stars and endowments - Hotel, Restaurant, CT Diana	1,778,691
3	Construction works + installations and equipment, works staircase access adjustment Hotel Raluca	773,881
4	Rehabilitation works for balconies and facades, electrical installations for AC, telephone exchange, plasterboard walls - Hotel Aida	560,860
5	Carpet room and hallways, central installation of fire detectives - Hotel Sirena	514,366
6	Construction works for halls, room doors and bathrooms - Hotel Venus	505,414
7	Carpeted room and hallways - Hotel Hora	495,536
8	Gas burners and gas connection	253,479
9	Hotel door access card 153 rooms - Hotel Siret	36,682
10	Rehabilitation works for balconies and facades - Hotel Balada	159,261
11	Miscellaneous (cars, laptops, resorts)	262,329
12	Replacement of interior staircase access joinery, completion of interior hydrant installation (ISU requirements) - Hotel Cleopatra	63,437
13	Design for rehabilitation of hotel complex 150 rooms and restaurant - Hotel Vraja Mării	50,161
14	Kitchen equipment, vacuum cleaners, control panels - Complex BBB	49,458
15	Rehabilitated and modernized the public utility infrastructure consisting in the collection of rainwater parking - Hotel Bega and Hotel Brad - Complex BBB	44,172
16	Access ladder construction works - Venus Restaurant	25,517
	<b>TOTAL INVESTMENTS without VAT</b>	<b>6,992,950</b>
	VAT	1,328,660
	<b>TOTAL INVESTMENTS including VAT</b>	<b>8,021,610</b>

**NOTE 8 - TANGIBLE NON-CURRENT ASSETS (CONTINUED)**

Of these, investments were received in the total amount of 5,922,638 lei (including VAT), of which 5,147,678 lei including VAT) representing construction works and 774,959 lei (including VAT) endowments.

**NOTE 9 - INTANGIBLE ASSETS**

	RON			
EXPLANATION	31 December 2020	Acquisitions	Outputs	31 December 2019
<b>I) Book value of intangible assets:</b>	<b>2,119,983</b>	<b>281,403</b>	<b>936,194</b>	<b>2,774,774</b>
Licenses + projects	1,439,647	8,647	516,460	1,947,460
Other intangible assets	407,579	0	419,734	827,314
Assets related to the rights to use leased assets (IFRS16)	<b>259,470</b>	<b>259,470</b>	<b>0</b>	<b>0</b>
Intangible fixed assets advances	<b>13,286</b>	<b>13,286</b>	<b>0</b>	<b>0</b>
<b>II) Decreases (amortization):</b>	<b>1,489,021</b>	<b>137,717</b>	<b>936,194</b>	<b>2,287,498</b>
Licenses + projects	1,212,000	86,332	516,460	1,642,129
Other intangible assets	277,021	51,385	419,734	645,370
Assets related to the rights to use leased assets (IFRS16)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Intangible fixed assets advances	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>III) Net book value</b>	<b>630,962</b>	<b>0</b>	<b>0</b>	<b>487,276</b>
a) Licenses + projects	227,647	0	0	305,332
b) Other intangible assets	130,559	0	0	181,944
Assets related to the rights to use leased assets (IFRS16)	259,470	0	0	0
Intangible fixed assets advances	13,286	0	0	0

The increase is mainly due to the Assets related to the rights to use the leased assets (IFRS 16) represented by means of transport leased financially from Transilvania Leasing and Credit IFN SA for a period of 5 years.

All intangible assets have determined useful lives, the depreciation method being in all cases the linear one over the useful life. According to the accounting policy adopted at the company level, the useful lives are up to 20 years for concessions, patents, licenses and up to 5 years for other fixed assets.

All intangible assets are pointed in their cost value.

**NOTE 10 – INVESTMENT PROPERTIES**

Investment properties are measured at 31.12.2020 using the fair-value model and are disclosed as follows:

RON

Explanation	31 December 2020	Outputs	Revaluations of fair value at 31.12.2020 cf IAS40	VAT adjustment entries with capitalization (January 2020)	Entries from reclassification	31 December 2019
Minerva hotel (building)	560,650	0	18,550	0	0	542,100
Miorita complex (building)	3,518,129	0	147,139	0	0	3,370,990
Semiramis complex (building)	2,884,526	0	49,041	0	0	2,835,485
Siret complex (building)	0	2,321,017	38,246	-5,039	0	2,287,810
Restaurant + Bufet Tosca (building)	165,520	0	12,474	0	153,046	0
Hotel Prahova (building)	4,363,610	0	24,615	-4,719	0	4,343,714
Hotel Mures (building)	1,447,717	0	44,972	-6,140	0	1,408,885
Capitol complex (building)	772,217	0	31,655	0	0	740,562
<b>TOTAL BUILDINGS</b>	<b>13,712,369</b>	<b>2,321,017</b>	<b>366,692</b>	<b>-15,898</b>	<b>153,046</b>	<b>15,529,546</b>
Minerva Hotel (land)	301,572	0	5,201	0	0	296,371
Miorița Complex (land)	5,156,695	0	95,416	0	0	5,061,279
Semiramis Complex (land)	3,699,887	0	23,067	0	0	3,676,820
Siret Complex (land)	0	2,117,783	34,168	0	0	2,083,615
Prahova Hotel (land)	834,732	0	5,204	0	0	829,528
Mureș Hotel (land)	1,356,440	0	8,457	0	0	1,347,983
Bufet beach Semiramis (land)	451,978	0	2,818	0	0	449,160
<b>TOTAL LAND</b>	<b>11,801,304</b>	<b>2,117,783</b>	<b>174,331</b>	<b>0</b>	<b>0</b>	<b>13,744,756</b>
<b>TOTAL</b>	<b>25,513,673</b>	<b>4,438,800</b>	<b>541,023</b>	<b>-15,898</b>	<b>153,046</b>	<b>29,274,302</b>

The assets classified as real estate investments were evaluated by the evaluation company IPIEV Consulting SRL with headquarters in Bucharest, Bdul Nicolae Grigorescu no.29A, bl.N22, sc.B, et.4, ap 53, sector 3, registered at the trade register with no. J40 / 10356/2001 and is a Corporate member of ANEVAR having the certificate no. 0250 / 01.01.2016.

**NOTE 10 – INVESTMENT PROPERTIES (CONTINUED)**

The approaches used in the evaluation were: cost approach - the replacement cost method and income approach - the method of the updated financial flows.

Analyzing under all aspects the values estimated according to the valuation approaches, it turns out that, in the present situation, the value of the selected property is the one obtained with the cost approach, given the purpose of the evaluation carried out.

For the assets recognized as real estate investments, rental contracts are concluded. The revenues from the rents are recognized in the profit and loss account and are presented in Note 4 - Revenue from the operating activity.

Input data used in fair value measurement techniques are classified at level 2, comprising input data other than quoted prices included in level 1 that are observable for the respective asset or liability, either directly or indirectly.

Level 2 entry data includes prices quoted on active markets for similar assets or liabilities, prices quoted on non-active markets, for similar or identical assets or liabilities, entry data observable other than quoted prices for assets or debt but also data input results mainly from or corroborated with observable data from the market, by correlation or other means.

Fair value adjustments to assets classified as investment property in profit and loss account at 31.12.2020 after the evaluation from 31.12.2019 are:

Explanation	31 December 2020			31 December 2019		
	Gains from fair value measurement of investment properties	Losses from fair value measurement of investment properties	Gains/Losses	Gains from fair value measurement of investment properties	Gains/losses from fair value measurement of investment properties	Gains/Losses
Minerva complex (building + land)	23,751	0	23,751	9,773	0	9,773
Miorita complex (building + land)	242,555	0	242,555	548,898	0	548,898
Semiramis complex (building + land)	72,108	0	72,108	264,746	0	264,746
Siret complex (building + land)	72,414	0	72,414	163,862	0	163,862
Restaurant + Bufet Tosca ( building)	12,474	0	12,474	0	0	0
Hotel Prahova (building + land)	29,819	0	29,819	50,313	0	50,313
Hotel Mures (building + land)	53,429	0	53,429	111,071	0	111,071
Capitol complex (building)	31,655	0	31,655	11,352	0	11,352
Land Buffet beach Semiramis	2,818	0	2,818	12,650	0	12,650
<b>Total</b>	<b>541,023</b>	<b>0</b>	<b>541,023</b>	<b>1,172,665</b>	<b>0</b>	<b>1,172,665</b>

**RON**

**NOTE 11 – FINANCIAL ASSETS**

Securities are recognized in the financial statements in accordance with IAS 27 (reviewed in 2010). IAS 36 (reviewed in 2009). IAS 39 (reviewed in 2009) and IFRS 7 (issued in 2008). According to these 4 standards, the company adopted the following policy for the recognition and valuation of shares and securities:

- investments in subsidiaries, jointly controlled entities and associates are recognized at cost,
- short-term investments held for sale unlisted on the stock exchange market are recorded at cost. For value depreciation, the company makes adjustments (the depreciation treatment for these securities is determined by IAS 39, paragraph 63),
- short-term investments held for sale listed, on the stock exchange market, are recorded at fair value (the value of trading on the last day of the year). In case of winnings or losses, they will be recognized in equity. If there are any indicators of impairment (as presented in paragraph 59 of IAS 39), as well as in the case of exchange rate losses and gains, the impairment will be recognized in the profit and loss account, as is the case of the shares held in Transilvania Hotels & Travel SA, which on 31.12.2018 were adjusted for their full depreciation, since this company went bankrupt.

RON

Other investment	31 December 2020			31 December 2019		
	Book value	Impairment	Net book value	Book value	Impairment	Net book value
<b>Long-term investments</b>						
Shares at Balneoterapia Saturn S.R.L	2,000	0	2,000	2,000	0	2,000
Shares at Transilvania Hotels&Travel S.A.	0	2,432,010	2,432,010	0	2,432,010	2,432,010
<b>Long-term investments</b>	<b>2,000</b>	<b>2,432,010</b>	<b>2,434,010</b>	<b>2,000</b>	<b>2,432,010</b>	<b>2,434,010</b>

Long term securities are recognized in the financial statements in accordance with IAS 27 Consolidated and Separate Financial Statements, at cost. Securities that fall into the first category consist of equity in Balneoterapia Saturn SRL and Transilvania Hotels&Travel SA being recognized at financial assets:

RON

Company	Share capital %	31 December 2020	31 December 2019
Balneoterapia Saturn S.R.L	100.000%	2,000	2,000
Transilvania Hotels&Travel SA	32.059%	2,432,010	2,432,010

Balneoterapia Saturn SRL has a share capital of 2,000 RON, comprising 20 shares and has the Registered office: Lavrion Street, no. 29. Mangalia, Constanta.

Transilvania Hotels&Travel SA has a share capital of 7,586,120 RON, comprising 3,034,448 shares with a nominal value of 2.5RON/share and has the registered office:

Maria Rosetti Street, No. 35, branch 2, Bucuresti. The company has entered to insolvency since 2017.

**NOTE 12 – INVENTORIES**

<b>Inventories</b>	<b>Book value (RON) at 31.12.2020</b>	<b>Adjustments for depreciation 31.12.2020</b>	<b>Balance at 31.12.2020</b>	<b>RON</b>	
				<b>Book value (RON) at 31.12.2019</b>	<b>Stock variation 31.12.2020/ 31.12.2019</b>
Materials (without price differences and VAT)	240,774	366,620	607,394	355,687	67.69%
Material advances	81		81		
Materials of the nature of inventory objects	47,799	14,890	62,689	108,743	43.96%
Raw materials and consumables at third parties	548,006	0	548,006	1,193,827	45.90%
Merchandise	4,820	0	4,820	2,792	172.66%
Packaging materials	4,382	0	4,382	4,421	99.12%
<b>Total</b>	<b>845,862</b>	<b>381,510</b>	<b>1,227,372</b>	<b>1,665,470</b>	<b>50.79%</b>

Stocks of materials are the nature of materials purchased for investment and repair work. Considering that some materials are very old and are not expected to be used in a very close time, they were adjusted in 2018 and 2020 in the sense of depreciation with the amount of 381,510RON.

The Stocks indicator registered an decrease of 49.21% on 31.12.2020 as compared to 31.12.2019, an increase due to the materials made available to third parties for investments being made at Hotel Diana, CT BBB and CT Venus, which have not yet been justified by foreign exchange.

**NOTE 13 – RECEIVABLES**

Receivables are presented in the financial statements depending on the nature of them (trade receivables and other receivables) at the likely amount to be collected.

RON						
No	Name	Receivables at 31.12.2020	Allowances at 31.12.2020	Net book value of receivables 31.12.2020	Net book value of receivables 31.12.2019	Variation of receivables 20120/2019 (%)
<b>1</b>	<b>Trade receivables from which:</b>	<b>501,269</b>	<b>1,756,560</b>	<b>2,257,830</b>	<b>524,646</b>	<b>95.54%</b>
	<i>Transilvania Hotels&amp;Travel SA</i>	0	443,593	443,593	0	0.00%
<b>2</b>	<b>Other receivables total of which:</b>	<b>3,658,874</b>	<b>27,472</b>	<b>3,686,319</b>	<b>2,886,925</b>	<b>126.74%</b>
2.1	Receivables from state budget	3,375,221	27,472	3,402,693	2,633,413	128.17%
2.2	Debtors active sales	0	0	0	0	0,00%
2.3	Sundry debtors	61,738	0	61,738	114,975	29.80%
2.4	Other receivables	221,889	0	221,889	138,537	160.17%
	<b>Total</b>	<b>4,160,116</b>	<b>1,784,032</b>	<b>5,944,148</b>	<b>3,411,571</b>	<b>121.94%</b>

The receivables of the company, registered on 31.12.2020 an increase of 21.94% compared to the receivables registered on 31.12.2019, on the other hand, the trade receivables registered a decrease with 4.46% compared to the commercial receivables registered on 31.12.2019.

Trade receivables:

- Trade receivables represented by tourist services and other services provided by THR the Black Sea to third parties, in the amount of 2,257,830 RON, which were adjusted with the amount of 1,756,560 RON representing debts older than one year related to the services provided to Rugby Club Constanța, Marea Comtur, Transilvania Hotels & Travel SA, Romanian Boxing Federation, Sind Tour Operator, ACS Cuza Sport, Ager Construct, Remat Sud Mangalia, Atinimul, Cuemjiev Ioan, Dumitras Florenta, Gorj Turism, Inter Tour Bacau);
- receivables from the state budget represented mainly by VAT to be recovered in the amount of 2,917,486 lei, of which for the amount of 2,761,032 lei ANAF was requested to reimburse it, current profit tax in the amount of 109,746 lei, non-collectible VAT related to suppliers' invoices in the amount of 346,357 lei;
- various debtors in the amount of 61,738 lei represented mainly by advances paid to suppliers for services to be provided in 2021;
- other receivables are mainly represented by the interest receivable on deposits made at BCR in the amount of 96,320 lei and which will be collected in January 2021, social receivables in the amount of 69,665 lei representing medical leave incurred by the Health Insurance House.



**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

**NOTE 13 – RECEIVABLES (CONTINUED)**

Depending on their age, the book value of receivables is:

Depending on their age, the book value of receivables is:							RON
No	Receivables	Total at 31.12.2020	Under 30 days	30-90 days	90-180 days	180-365 days	>1 year
1	<b>Trade receivables from which:</b>	2,257,830	51,495	18,072	398,839	57,571	1,731,852
	<i>Transilvania Hotels &amp; Travel SA</i>	443,593	0	0	0	0	443,593
2	<b>Other receivables total of which:</b>	3,686,319	364,003	136,905	184,417	944,948	2,056,045
2.1	Receivables from state budget	3,402,693	196,912	116,176	169,585	924,012	1,996,008
2.2	Debtors active sales	0	0	0	0	0	0
2.3	Sundry debtors	61,738	48,414	80	7,641	299	5,303
2.4	Other receivables	221,889	118,677	20,649	7,191	20,637	54,734
	<b>TOTAL</b>	<b>5,944,148</b>	<b>415,499</b>	<b>154,977</b>	<b>583,256</b>	<b>1,002,519</b>	<b>3,787,897</b>

**NOTE 14 - ACCRUED EXPENSES**

RON		
Accrued expenses	31 December 2020	31 December 2019
Other expenses registered in advance (OPTBR fee year 2021)	11,000	0
Other expenses recorded in advance (personal housing rent January 2021)	6,331	0
Annual activity fee for the exploitation of mineral resources	180	144
Vignette tax	619	244
Insurance policies	59,295	46,392
<b>Total accrued expenses</b>	<b>77,425</b>	<b>46,780</b>

**NOTE 15 - CASH AND CASH EQUIVALENTS**

RON			
Explanation	31 December 2020	31 december 2019	Variation of 31.12.2020/31.12.2019
Bank accounts in RON	20,568,069	31,388,096	65,53%
Bank account in foreign currencies	9,303	1,479	629,05%
Petty cash in RON	591	4,384	13,48%
Other values	260	43,094	0,60%
<b>Total</b>	<b>20,578,222</b>	<b>31,437,052</b>	<b>65,46%</b>

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

**NOTE 16 –NON-CURRENT ASSETS HELD FOR SALE**

							RON
NO	Category	Book value of non-current assets held for sale in 2020	Book value of assets disposed or disposed through reclassification in 2020	Book value of non-current assets held for sale at 31.12.2020	Book value of non-current assets held for sale in 2019	Book value of non-current assets sold in 2019	Book value of non-current assets held for sale at 31.12.2019
1	Restaurant Minerva	0	0	149,672	0	0	149,672
2	Restaurant  Sulina	0	0	89,705	0	0	89,705
3	Restaurant Dunarea	0	176,298	0	0	0	176,298
4	Complex Atena (hotel + restaurant)	0	1,322,520	0	0	0	1,322,520
5	Complex Tosca (Hotel + restaurant + bufet)	0	0	0	0	2,920,388	0
6	Popas turistic Saturn	0	0	32,452	0	0	32,452
7	CP 3 Saturn	0	0	182,082	0	0	182,082
8	Restaurant Pelican	0	0	145,092	0	0	145,092
9	GG Jupiter	0	0	451,633	0	0	451,633
10	Gradina/restaurant Rapsodia	0	0	237,148	0	78,283	237,148
11	Hotel Ancora	0	0	0	0	258,532	0
12	Complex Capitol (Hotel + restaurant)	0	0	0	0	729,210	0
13	Hotel Gloria	0	567,435	0	0	0	567,435
14	Complex Magura (Hotel + restaurant)	0	0	1,526,033	0	0	1,526,033
15	Hotel Meteor	0	0	246,812	0	0	246,812
16	Complex Claudia (Hotel + restaurant)	0	0	0	0	438,652	0
	<b>TOTAL BUILDINGS</b>	0	<b>2,066,253</b>	<b>3,060,628</b>	<b>0</b>	<b>4,425,066</b>	<b>5,126,881</b>
1	Land Restaurant Minerva	0	0	1,813,760	0	0	1,813,760
2	Land Restaurant  Sulina	0	0	1,458,496	0	0	1,458,496
3	Land Restaurant Dunarea	0	1,183,104	0	0	0	1,183,104
4	Land Complex Atena (hotel + restaurant)	0	1,251,952	0	0	0	1,251,952
5	Land Complex Tosca (Hotel + restaurant + buffet)	0	0	0	0	2,602,496	0
6	Land – stop on the tour Saturn	0	0	15,890,160	0	0	15,890,160

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

NO	Category	Book value of non-current assets held for sale in 2020	Book value of assets disposed or disposed through reclassification in 2020	Book value of non-current assets held for sale at 31.12.2020	Book value of non-current assets held for sale in 2019	Book value of non-current assets sold in 2019	Book value of non-current assets held for sale at 31.12.2019
7	Land CP 3 Saturn	0	0	791,024	0	0	791,024
8	Land Restaurant Pelican	0	0	668,304	0	0	668,304
9	Land GG Jupiter	0	0	1,080,560	0	0	1,080,560
10	Land - Garden Rapsodia	0	0	0	0	233,022	0
11	Land- Cocor Complex	0	0	95,483	0	0	95,483
12	Land complex Claudia	0	0	0	0	1,045,877	0
	<b>TOTAL LANDS</b>	<b>0</b>	<b>2,435,056</b>	<b>21,797,787</b>	<b>0</b>	<b>3,881,395</b>	<b>24,232,843</b>
	<b>TOTAL ASSETS HELD FOR SALE</b>	<b>0</b>	<b>4,501,309</b>	<b>24,858,415</b>	<b>0</b>	<b>8,306,461</b>	<b>29,359,724</b>

Non-current assets held for sale are stated at the lower value between the carrying amount and fair value less costs to sell. Any subsequent increase or decrease of value of these assets was recognized in profit or loss, based on a specialized evaluation. Profit from selling these non-current assets held for sale was recognized in profit and loss account as follows:

RON

2020			2019		
Income from disposal of non-current assets held for sale	Expenses from disposal of non-current assets held for sale	Profit/Loss	Income from disposal of non-current assets held for sale	Expenses from disposal of non-current assets held for sale	Profit/Loss
18,051,822	4,501,309	13,550,513	7,346,726	2,054,366	5,292,360

Income from disposal of non-current assets held for sale were included on line 5 of the statement of profit or loss and other comprehensive income and disposal expenses of assets held for sale were presented in row 13 form the statement of comprehensive income.

Assets classified as held for sale were valued according to IFRS at 31.12.2020, the resulting amounts being greater than the amount recorded in the accounting. The bookkeeping of the assets held for sale was made at the carrying amount, at the lower value.

**NOTE 17 - SHARE CAPITAL, OWNERSHIP STRUCTURE AND CHANGES IN SHARE CAPITAL**

The subscribed and paid up share capital is amounted to 57,894,993.9 RON divided into a number of 578,949,939 shares. During the reporting periods subscribed and paid in share capital did not change.

Of the total number of shares issued and outstanding at December 31, 2020:

- THR Marea Neagră SA holds **2,941,452** shares repurchased,
- Its subsidiaries do not own shares (none of them is one of the shareholders of SIF Transilvania),

The main characteristics of the securities issued by T.H.R.Marea Neagra S.A.: common, nominative, of equal value and dematerialized shares issued at a nominal value of 0.10 RON / share.

During 2020, according to the decision of the Extraordinary General Meeting of Shareholders of October 5, 2020, the share capital was reduced by 294,145 lei by canceling its own shares, and the Company registered the entries at the National Office of the Trade Register at the beginning of the financial year 2021. that the shareholder structure on 31.12.2020 is as follows:

<b>Shareholders' name</b>	<b>Percent(%)</b>	<b>Shares</b>	<b>Share capital amount(RON)</b>
SIF Transilvania S.A.	77.7131%	449,920,140	44,992,014.00
Other corporate and individuals shareholders	22.2869%	129,029,799	12,902,979.90
<b>TOTAL</b>	<b>100.0000%</b>	<b>578,949,939</b>	<b>57,894,993.90</b>

The Company has no employee stock grant schemes and there are no restrictions on voting rights. It also has no knowledge of agreements between shareholders which may result in restrictions on the transfer of securities and / or voting rights.

THR Marea Neagră S.A. shares are listed on the second category of Bucharest Stock Exchange starting from 15 august 2002 with symbol "EFO".

In the last trading day of 2020, 31.12.2020, the closing price of EFO to Bucharest Stock Exchange was 0.1285 RON/share compared to 0.1160 RON/share at 30.12.2019.

**NOTE 18 - SHARE CAPITAL. REVALUATION RESERVES**

RON

Explanation	31 December 2020	31 December 2019
<b>Revaluation surplus</b>	102,065,653	105,671,498
<b>Total reserves, of which:</b>	20,926,925	28,942,320
Legal reserves in lim of 5% of GDP	6,205,236	5,868,274
Other reservations	14,721,689	23,074,046
Reserves due to IAS29 application	16,745,901	16,745,901
<b>Total reserve</b>	<b>139,738,479</b>	<b>151,359,719</b>

The revaluation surplus refers to property and plant of the company and it was generated by the revaluations of tangible non-current assets in the years of 1999, 2002, 2003, 2005, 2007, 2009, 2011, 2012, 2015 and 2019.

The differences from the revaluation of the company's assets in the amount of 102,065,653 lei, compared to the balance registered on 31.12.2019, are reduced by the amount of 3,605,845 lei due to the revaluation reserves related to the assets sold and disposed of.

The reserves composed of legal reserves and other reserves, in the total amount of 20,926,925 lei, decreased compared to 2019 (28,942,320 lei) by 27.69%, decrease due to the decrease of other reserves with the amount of 10,368,153 lei was distributed on dividends, decrease compensated to a small extent with the amount of 2,015,796 lei distributed on other reserves and with the amount of 336,962 lei distributed on legal reserves from the net profit of 2019.

**NOTE 19 - RETAINED EARNINGS**

RON

Element name	31.12.2020	Decrease	Increase	31.12.2019
<b>Retained earnings except retained earnings from the adoption of IAS 29 for the first time</b>	<b>61,420,101</b>	<b>14,236,246</b>	<b>17,842,092</b>	<b>57,814,256</b>
Retained earnings representing non-distributed benefits	,	14,236,246	14,236,246	0
Surplus from revaluation reserves	61,420,101	0	3,605,845	57,814,256
<b>Retained earnings came following the application of IAS 29 for the first time</b>	<b>(102,691,275)</b>	<b>0</b>	<b>0</b>	<b>(102,691,275)</b>

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE SEPARATE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

**NOTE 20 - OTHER ELEMENTS OF EQUITY**

RON

Other elements of equity	31 December 2020	31 December 2019
Deferred tax recognized in equity	(12,398,688)	(12,744,948)
Profit distribution to legal reserve	(336,962)	(392,042)
<b>Total other elements of equity</b>	<b>(12,735,650)</b>	<b>(13,136,990)</b>

**NOTE 21 – LIABILITIES - OTHERS THAN DEFERRED INCOME AND PROVISIONS**

The short-term debts in balance on 31.12.2020, less the provisions, are in the amount of **10,390,839 lei**, the structure depending on the moment of exigibility, presenting itself as follows:

RON

Short-term liabilities	Liabilities at 31.12.2019	Liabilities at 31.12.2020	under 30 days	30-90 days	91-180 days	181-270 days	between 270-365 days	Variation 31.12.2020/31.12.2019
Amounts owed to credit institutions	0	1,273,484	0	0	0	0	1,273,484	0,00%
Trade payables and other liabilities, including derivatives	14,955,578	9,117,355	7,685,028	491,368	94,643	203,980	642,337	60,96%
Advances collected for orders of which:	5,793,406	1,218,188	0	466,680	0	177,729	573,779	21,03%
<i>-Advances collected from assets sales and rentals</i>	5,724,599	1,040,459	0	466,680	0	0	573,779	18,18%
<i>-Advances collected from tourist services</i>	68,807	177,729	0	0	0	177,729	0	258,30%
Trade payables	2,494,766	2,135,708	2,135,708	0	0	0	0	85,61%
Debts to the state budget	626,991	432,646	432,646	0	0	0	0	69,00%
Debt with the staff	530,899	518,185	518,185	0	0	0	0	97,61%
Other liabilities	5,509,516	4,812,629	4,598,489	24,688	94,643	26,251	68,558	87,35%
<b>Total</b>	<b>14,955,578</b>	<b>10,390,839</b>	<b>7,685,028</b>	<b>491,368</b>	<b>94,643</b>	<b>203,980</b>	<b>1,915,821</b>	<b>69,48%</b>

**NOTE 21 – LIABILITIES - OTHERS THAN DEFERRED INCOME AND PROVISIONS (CONTINUED)**

Short-term liabilities at 31.12.2020, excluding provisions, decreased over the same period last year, with 30.52%, an increase due to:

- closing the advances received in 2019, related to the sale-purchase contracts of the assets of Hotel Gloria and Restaurant Dunarea authenticated at the notary's office at the beginning of 2020;
- closing the advances received in 2019 for the 2020 rent of the assets: Capitol complex, Prahova Hotel, Mureş Hotel, Siret complex;
- reduction of staff debts, due to the reduction of the number of staff due to the COVID-19 Pandemic;
- reduction of debts to the state budget also on the background of the Pandemic.

The amounts due to the banks at December 31, 2020 - 1,273,484 lei are represented by an overdraft loan obtained based on the credit agreement with no. DCCM 660/177/11 May 2009 from Banca Comercială Română extended by Addendum no. 11/ November 16, 2020 to November 29, 2021, whose overdraft limit is amounted to 5,000,000 lei.

Depending on the time of their due date, the long-term debts at 31.12.2020, less provisions, are grouped as follows:

<b>Long-term liabilities</b>	<b>Liabilities at 31.12.2019</b>	<b>Liabilities at 31.12.2020</b>	<b>&gt; 1 year</b>
Amounts owed to credit institutions	0	0	0
Other loans and similar debts - guarantees	161,559	112,352	112,352
Other loans and similar debts - financial leasing	0	188,301	188,301
Deferred tax liabilities	13,371,749	13,151,453	13,151,453
<b>Total long-term liabilities</b>	<b>13,533,308</b>	<b>13,452,106</b>	<b>13,452,106</b>

Long-term debts consist of the guarantees of good execution granted by service providers and fixed assets in the amount of 112,352 lei, of the amounts representing capital rates related to financial leasing contracts concluded with Transilvania Leasing and Credit IFN SA - 188,301 lei and of the tax on deferred profit.

**NOTE 22 - PROVISIONS**

The company has not assumed obligations for pension plans, other than the state ones provided by Law no. 263/2010 on the unitary public pension system, with subsequent amendments and completions. The collective labor contract concluded for 2020 provides for the granting of a retirement premium at the level of a gross salary. As of December 31, 2020, the Company had provisions of 936,109 lei:

Explanation	31.12.2020	Installing provisions in 2020	Cancelling provisions in 2020	RON
				31.12.2019
<b>Provisions for litigations, total of which</b>	<b>707,852</b>	<b>143,871</b>	<b>77,691</b>	<b>641,672</b>
Carja Vasile - File no. 3093/118/2016 - claims for improvements to the Flora villa before its return to THR	554,512	0	0	554,512
Judec Constanta Costs representing the lawyer's fee of the City of Eforie for the file 8013/118/2017 in which THR tried to cancel a waste tax	3,570	3,570	0	0
Monica Saturn - File no.3208 / 254/2019 - lack of use of space that houses the sea water pump (Aida Buffet)	41,200	41,200	0	0
Alcon SRL - File no.8002 / 118/2020 - Invoice penalties	99,101	99,101	0	0
Mateevici Alexandru, Zellinger, Stoicovic and others - File 15314/212/2018 - court costs, lawyer's fees from files 2639/118/2017 and 4847/212/2010	0	0	20,900	20,900
Eforie City Hall - taxes and accessories calculated additionally as a result of fiscal control, contested by THR	9,469	0	56,791	66,260
<b>Provisions for pensions, total of which</b>	<b>228,257</b>	<b>20,072</b>	<b>201,545</b>	<b>409,730</b>
Provisions for retirement rights	<b>55,878</b>	<b>20,072</b>	<b>16,665</b>	<b>52,471</b>
Provisions for rest leave not performed	172,379	0	184,880	357,259
<b>Total Provisions</b>	<b>936,109</b>	<b>163,943</b>	<b>279,236</b>	<b>1,051,402</b>



**NOTE 23 - RELATED PARTIES TRANSACTIONS**

Compared to 2019, in the year 2020 were carried out transactions with related parties as set out in the tables below. Values presented include value added tax.

**RON**

<b>Receivables</b>		
<b>Related parties</b>	<b>Financial year ended at 31.dec.2020</b>	<b>Financial year ended at 31.dec .2019</b>
Transilvania Hotels&Travel SA	440,676	443,593
Balneoterapia Saturn SRL	0	116
<b>TOTAL</b>	<b>440,676</b>	<b>443,709</b>

<b>Liabilities</b>		
<b>Related parties</b>	<b>Financial year ended at 31.dec.2020</b>	<b>Financial year ended at 31.dec .2019</b>
Transilvania Hotels &Travel SA	50,332	191,880
Balneoterapia Saturn SRL	1,488,933	1,488,933
Transilvania Leasing & Credit IFN SA	286	0
<b>TOTAL</b>	<b>1,539,551</b>	<b>1,680,813</b>

In 2020 THR Marea Neagra SA performed the following transactions with related parties:

<b>Sales</b>		
<b>Related parties</b>	<b>Financial year ended at 31.dec.2020</b>	<b>Financial year ended at 31.dec .2019</b>
Transilvania Hotels &Travel SA	406,228	4,766,315
Balneoterapia Saturn SRL	0	542,703
<b>TOTAL</b>	<b>406,228</b>	<b>5,309,018</b>

<b>Acquisitions</b>		
<b>Related parties</b>	<b>Financial year ended at 31.dec.2020</b>	<b>Financial year ended at 31.dec .2019</b>
Transilvania Hotels and Travel SA	150,332	656,572
Balneoterapia Saturn SRL	0	1,703,528
Transilvania Leasing & Credit IFN SA	49,164	0
<b>TOTAL</b>	<b>199,496</b>	<b>2,360,100</b>

**NOTE 23 - RELATED PARTIES TRANSACTIONS (CONTINUED)**

According to IAS 24 "Related Party Disclosures" section, 17 specify that:

- outstanding balances by receivables and payables between related parties are related commercial transactions are conducted under terms and conditions similar terms and conditions which were accepted by third parties and are not guaranteed,
- we cannot provide additional information on guarantees given or received as it was not appropriate to represent,
- The company has made adjustments for the depreciation of the amount of 443,592.84 RON representing the receivable related to the outstanding balance of Transylvania Hotels & Travel SA, a company in insolvency, with which THR Marea Neagra SA registered at the creditor table in 2017.

**NOTE 24 –CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

In all disputes THR undertook the necessary efforts to defend ownership. In some situations, there are some litigations that claim THR assets.

The company is involved in a litigation with the City Hall Mangalia therefore tax audit conducted by the 2008-2012 period, inspection completed by the tax inspection report nr.57355 / 11.10.2015 under which were issued two decisions to impose, in total amount of 7,604,311.45 RON.

The execution of those two decisions was suspended by the Court of Appeal Constanta - file nr.776 / 118/2015 and the suspension effects subsist until the settlement of the substantive judicial action that THR will promote and which will take the annulment of decisions to impose.

The company recognized and estimated that the amount due of 1.577.262 RON represents:

- i) tax additional buildings in the amount of 482,520 RON representing taxation of buildings without a reduction of 50% granted by Article 285 paragraph 2 of the Tax Code,
- ii) additional land tax in the amount of 253,029 RON representing taxation without the 50% discount granted by Article 285 paragraph 2 of the Tax Code,
- iii) penalties related to buildings and land tax established additional by monitoring body in the amount of 841,713 RON.

For the difference between the amount of buildings and land tax additional established by the control body and that recognized by society, there was requested and received erratum in the evaluation reports prepared by Preciss CONSULTING SRL 31.12.2007. 31.12.2009. 31.12.2011 and 31.12 .2012 specifying that the fair value of the buildings included at the time of assessments the value of installations, functional facilities or modernizations made to the buildings referred to until the time of reassessment, which leads to the conclusion that there are additional risks to society.

#### **NOTA 25 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

Preparation of financial statements in accordance with IFRS has involved the use of the company's management to make judgments in applying accounting policies with implications carrying amount of assets and liabilities in the separate financial statements, such:

- Tangible assets were revalued periodically. The evaluation was done by certified evaluators, members of ANEVAR.
- The fair values are based on market values respectively estimated value for which an asset could be exchanged on the valuation date in a transaction made in objective conditions, after proper marketing action, interested parties that are in full knowledge of the facts. In the absence of current prices in an active market, valuations are prepared by taking into account the aggregate amount of cash flows that could be estimated from the sale of the asset. To the annual net cash flows it is applied a rate of return that reflects the specific inherent risks in order to establish the fair value of the assets.
- Assets carried at cost are evaluated for impairment in accordance with the accounting policies of the Company. The assessment for allowance of receivables is made individually and is based on management's best estimate of the present value of the cash flows expected to be received. To estimate these cash flows, the management makes certain estimates on the financial statements of the counterparty. Each impaired asset is individually analyzed. The accuracy of the depreciation estimation depends on the estimation of future cash flows for the specific counterparties. The amounts of provisions were estimated taking into account the chances of winning of the pending files to the competent courts. Because chances of winning results from the evaluation of the legal department grew, the company would have to reduce its provisions made for these claims. However, the company management considered it is not prudent to reverse provisions, and decided to keep them at the level of previous year.
- For the differences in fair value we have performed the calculation of the related deferred tax.

#### **NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY**

The company's specific activity determine the company's exposure to a variety of general risk, but also specific risks and financial market on that operates.

Risk is defined as the possibility of unfavorable deviations to arise against expected levels due to random fluctuations.

Significant risks have a high impact on the Company.

The purpose of risk assessment is to identify the significance level and effects of the risks assumed by the company in investment activity.

In their activity, the company may face uncontrollable risks, which are generally associated with external factors such as macroeconomic conditions, legislative changes, Changes in the competitive environment etc.

Usually, however, the company faced controllable risks, for which adopted active management policies and procedures (analysis, monitoring and control).

These risks are associated with internal invoices and nature of activity, the complexity of the organizational structure, quality of staff etc.

**NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY (CONTINUED)**

The main significant risks that the Company has to face, are:

**Liquidity risk**

Liquidity is the ability of the Company to secure the necessary funds to fulfill all direct and indirect payable obligations, at a reasonable price at any time. Liquidity risk is the risk that the Company may encounter difficulties in fulfilling its contractual obligation associated with financial liabilities that are settled in cash.

**Operational risk**

Operational risk is the risk of recording losses or failure to achieve the estimated profits due to internal factors such as inadequate implementation of domestic activities, the existence of a personal or inadequate systems or due to external factors such as economic conditions, changes capital market, technological progress. Operational risk is inherent in all activities of the company. Defined policies for managing operational risk have considered each type of events that can generate significant risks and ways of their manifestations, to remove or reduce financial or reputational losses.

An analysis of assets and liabilities has been made, based on the remaining period from the balance sheet date to the contractual maturity date for the financial year 2020 as:

RON

<i>Explanation</i>	<b>Note</b>	<b>Book value</b>	<b>Under 6 months</b>	<b>Between 6and 12 months</b>	<b>Over 1 year</b>	<b>Indefinite maturity</b>
<b>Assets</b>						
Cash and cash equivalents	15	20,578,222	20,578,222	0	0	0
Trade receivables and other receivables	13	4,160,116	4,031,136	156,451	0	(27,472)
Inventories	12	845,862	549,635	0	0	296,228
Expenses registered in advance	14	77,425	63,234	14,191	0	0
Other current assets		234,024,992	0	0	0	234,864,123
<b>Total assets</b>		<b>260,661,732</b>	<b>25,222,228</b>	<b>170,642</b>	<b>0</b>	<b>235,132,878</b>
<b>Liabilities</b>						
Provisions	22	936,109	0	0	0	936,109
Trade payables and other payables	21	23,842,944	8,271,038	2,119,801	300,653	13,151,153
Income registered in advance	3	(699)	(699)	0	0	
<b>Total liabilities</b>		<b>24,778,354</b>	<b>8,270,339</b>	<b>2,119,801</b>	<b>300,653</b>	<b>14,087,562</b>
<b>Liquidity surplus in the period</b>		<b>235,747,394</b>	<b>16,951,889</b>	<b>-1,949,158</b>	<b>-300,653</b>	<b>221,045,317</b>
<b>Cumulative liquidity surplus</b>		<b>235,747,394</b>	<b>16,951,889</b>	<b>15,511,678</b>	<b>14,702,078</b>	<b>235,747,395</b>

**NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY (CONTINUED)**

**Capital management**

Company's capital management objectives are to ensure the protection and the ability to reward shareholders. to maintain an optimal capital structure to reduce capital costs. In order to maintain or change the capital structure. the Company may change the amount of dividends paid to shareholders, shareholders capital yield, issue new shares or sell assets to reduce debts.

The Company monitors the amount of capital raised based on gearing. This rate is the ratio of net debt and total equity. Net debts are calculated as total net cash debts. Total equity is calculated as equity plus net debt.

<i>Explanation</i>	<b>2020</b>	<b>2019</b>
Total liabilities (long and short term)	24,778,354	29,540,287
Cash and cash equivalents	20,578,222	31,437,052
Total equity	235,747,394	244,659,978
<b>Net liabilities indicator</b>	<b>(231,547,263)</b>	<b>(246,556,743)</b>

**NOTE 27 –SUBSEQUENTEVENTS**

The current climate of public health crisis generated by the COVID-19 epidemic implicitly determines the existence of a risk regarding the possibility of diminishing the Company's activity compared to the level of previous financial years, considering that the field of activity in which the Company operates - tourism - is one of the first areas affected by this crisis. Due to the existing uncertainties, the management of the Company cannot quantify / estimate the possible effect caused by future socio-economic events and conditions present in the difficult environment in which the Company operates.

At the beginning of 2021, until the date of this report, was completed the registration with National Trade Register Office of the reduction of the share capital with the amount of 294,145.20 lei, from 57,894,993.90 lei to 57,600,848.70 lei, by canceling a number of shares of 2,941,452 shares with a nominal value of 0.10 lei. This shares was acquired by the Company within the redemption program approved in the Extraordinary General Meeting of Shareholders of 22.10.2020.

**NOTE 28 - BOARD OF DIRECTORS PROPOSAL FOR ALLOCATING NET PROFIT**

At the end of 2020 the Company records a net profit of 4,579,520 RON, which the Directorate proposes to be distributed as follows:

a . To the legal reserve according to art. 183 of the Commercial Companies Act 31/1990, republished	336,962.00 RON
b . Distribution to other reserves	210,498.60 RON
c . Distribution of dividends to shareholders (gross dividend/share= 0.0073 RON)	4,032,059.40 RON

The separate financial statements were approved by the Supervisory Board of Directors on March 17, 2021 and were signed by:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MADALINA COMSA



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Sediul: România, Mangalia, str.Lavrion nr.29, jud.Constanța Tel:+40-241-752-452 Fax:+40-241-755-559  
Nr. Înregistrare Registrul Comerțului Constanța: J13/696/1991, CIF: RO2980547,  
Cont IBAN: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Agenția Mangalia  
Capital social subscris și versat : 57.600.848,70 lei

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

---

## STATEMENT

The undersigned **MIHAI ZAMFIR** as **General Manager** and **MADALINA COMSA** as **Head of Economic Department** of T.H.R. Marea Neagra SA, state that for the year 2020 :

- a) the accounting policies used for drafting the individual annual financial statement comply with the applicable accounting regulations;
- b) the individual annual financial statements reflect a true and fair presentation of the financial position, of the financial performance and the other information related to the activity performed;
- c) the legal entity has continuity of operation.

Mihai ZAMFIR  
**GENERAL MANAGER**

Madalina COMSA  
**HEAD OF ECONOMIC DEPARTMENT**

# A.B.A. AUDIT S.R.L.

S.C. A.B.A. Audit S.R.L.  
ADRESA: Timisoara, Str. Moise Nicoară , Nr. 11B  
CUI: RO 14907434 • Nr. Inreg. ORC: J35/1537/2002  
IBAN: RO43PIRB3701720663001000 • BANCA: First Bank  
TEL: 0256.216.100;• FAX: 0256.205.039  
E-MAIL: office.audit@abaconsulting.ro• WEB: www.abaconsulting.ro

## INDEPENDENT AUDITORS' REPORT

*(Free translate\*)*

**To the Shareholders of**

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ S.A MANGALIA**

### *Unmodified opinion*

We have audited the accompanying separate financial statements of Turism, Hoteluri, Restaurante Marea Neagră SA Mangalia („the Company”), with headquarters in Mangalia, Lavrion Street, No. 29, identified by unique tax registration number RO2980547 which comprise the statement of financial position as at December 31, 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and notes to separate financial statements for the year then ended, represented by:

Separate financial statements at December 31, 2020, are identified as follows

- Revenues:	43,122,772RON
- Net profit:	4,579,520RON
- Total assets:	260,525,748RON

• In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Turism, Hoteluri, Restaurante Marea Neagră SA Mangalia as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Accounting Law no. 82/1991, republished, including subsequent amendments and additions, Order of the Minister of Public Finance of Romania no. 881/2012 on application by companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards and the Order of the Minister of Public Finance no. 2844/2016 for approval of the Accounting Regulations in accordance with International Financial Reporting Standards, including subsequent amendments and additions.

• *The English version is a translation of the original in Romanian for information purposes only. In case of a discrepancy, the Romanian original will prevail.*



### *Basis for opinion*

- We conducted our audit in accordance with International Standards on Auditing ("ISA"), the EU Regulation No 537 of the European Parliament and of the Council of the European Parliament (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 Separate Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We consider that the audit evidences we have obtained are sufficient and appropriate in order to form a basis for our audit opinion.

### *Emphasis of matters*

5. Without further modified our opinion, we draw attention related to subsequent issues:

- 5.1. On the separate financial statements prepared by the Company for the financial year ended December 31, 2020, we consider necessary to present the existence of litigations - as disclosed in Note 24 "*Contingent Assets and Contingent Liabilities*" may involve risks of ownership of assets, along with evidence of losses from other operating activities, as the litigation against Mangalia Tax Department which highlights the risk of increasing debts and additional penalties beyond the amounts recognized and assumed by the Company as at December 31, 2020 depending on evolution of the litigation in the file no. 264/36/2015\* of the Constanța Appeal Court.
- 5.2. The current climate of public health crisis generated by the COVID-19 epidemic that led in Romania to the declaration of the state of emergency, respectively of the state of alert, implicitly determines the existence of a risk regarding the possibility of unpredictable evolutions regarding the level of economic and financial indicators budgeted by the Company, respectively the reconsideration of the aspects that were the basis for estimating the bookvalues for the Company's assets, considering that the field of activity in which the Company operates - tourism
  - is one of the first areas affected by this crisis. The management of the financial situation of the Company depends on the way in which the management approaches the future socio-economic events and conditions present in the difficult environment in which it operates.

### *Key audit matters*

- The key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters.

- *Revenue recognition*

At the level of revenue recognition there are risks of material misstatements like the situations where there may not be recognized by the company's management in accordance with applicable accounting regulations. There may be risks both in terms of the amount of revenue recognized as well as the time of their recognition of possible significant material misstatements regarding the application of the principle of accrual-based accounting.

Our response to these risks of material misstatements have resulted in performing audit procedures with the purpose of: analysis of contracts, testing the revenue recognition method in accordance with the contract clause, to obtain sufficient audit evidence and adequate both in connection with the recognition of revenue, but also with accuracy assertions testing.

- *Valuation of receivables*

According to the applicable accounting regulations, requirements management achieves assertions concerning the assessment of receivables at the reporting date, presenting them at the value at which they are expected to be completed.

Our response concerning the risks of material misstatement relating to the management of the company related to the valuation of such receivables at the reporting date, resulted in audit procedures whereby we tested the recognition of doubtful receivables as well as tests for the recalculation of the provisions for doubtful receivables.

- *Valuation of tangible assets*

The management's assertions regarding the valuation of tangible fixed assets can pose risks of significant material misstatements that would manifest itself in the sense of the non-provision of applicable accounting regulation to assessment in accordance with IAS 16 *Property, plant and equipment*, at the time of reporting.

Our response to these risks of misstatements regarding the valuation, meant using tests by which we observed the nature of expenditure capitalised into the cost of the upgraded asset during the year 2020. We had in mind the risks identified in accounting treatments presented by the company in the preceding financial years in connection with the refurbishment carried out on the existing tangible asset that existed at the reporting date, and we performed procedures whereby we obtained reasonable assurance that there are no significant material misstatements with respect to these assertions.

#### *Other Information – Management Report*

- Board of Directors are responsible for compiling and presenting other information. That other information includes the Board of Directors' Report but does not include the financial statements and the auditor's report thereon.

Our opinion on individual financial statements does not cover this other information, and unless expressly stated in our report, we do not express any assurance about it.

In relation to the audit of the individual financial statements for the year ended at December 31, 2020, it is our responsibility to read that other information and, by doing so, to assess whether that other information is materially inconsistent with the financial statements or with this knowledge that we obtained during the audit whether they appear to be significantly denatured.

As far as the Board of Directors' Report is concerned, we have read and reported that it has been prepared in all significant aspects in accordance with Order of the Minister of Public Finance no. 2844/2016 for approval of the Accounting Regulations in accordance with International Financial Reporting Standards, chapter III, points 15-20.

On the sole basis of the activities to be carried out during the audit of the financial statements, in our opinion:

- The information presented in the Board of Directors' Report for the financial year for which the financial statements have been prepared is consistent, in all significant aspects, with the financial statements;
- Board of Directors' Report has been prepared in all significant aspects in accordance with Order of the Minister of Public Finance no. 2844/2016 for approval of the Accounting Regulations in accordance with International Financial Reporting Standards, chapter III, points 15-20.

In addition, based on our knowledge and understanding of the Company and its environment, acquired during the audit of the separate financial statements for the year ended December 31, 2020, we are required to report whether we have identified significant misstatements in the Board of Directors' Report. We have nothing to report on this issue.

#### *Other matters*

8. This independent auditor's report is addressed exclusively to the shareholders of the Company. Our audit was conducted in order to be able to report to the shareholders in accordance with the reporting requirements of a financial audit, and not for other purposes. To the extent to which the law allows it, we do not accept and assume any responsibility except for the Company and its Shareholders in respect to our audit, to the report on the separate financial statements and the report on conformity or the opinion.

- The annexed financial statements are not meant to show the financial position, the financial performance and a complete set of notes to the separate financial statements in accordance to accounting regulations and principles in other countries and jurisdictions than Romania. Therefore, the annexed separate financial statements are not for the use of persons who are not familiar with International Financial Reporting Standards and, also, with legal regulations in Romania.

### *Responsibility of management and those responsible for governance for financial statements*

- Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with the Accounting Law no. 82/1991, republished, including subsequent amendments and additions, Order of the Minister of Public Finance of Romania no. 881/2012 on application by companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards and the Order of the Minister of Public Finance no. 2844/2016 for approval of the Accounting Regulations in accordance with International Financial Reporting Standards and for internal control that management deems necessary to enable it to prepare financial statements free of material misstatement, whether due to fraud or error.

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

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*

- Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to the issuance of an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISA will always detect significant misstatement, if any exists. Distortions may be caused either by fraud or by error and are considered significant if reasonable assurance can be given that they, individually or collectively, will influence the economic decisions of users made on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  - We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them about all relationships and other matters that may reasonably be thought to bear with our independence and, where applicable, related safeguards.
  - 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 on Other Legal and Regulatory Requirements*

β) We were appointed by the General Meeting of Shareholders at the date of April 19, 2019, as a result of a public selection of tenders in the statutory audit, for the audit of the financial statements of the Company for the financial year ended on December 31, 2020. The total uninterrupted period of our commitment is 10 years, covering the financial years from December 31, 2011 to December 31, 2020.

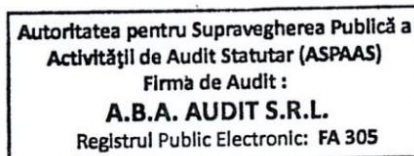
We confirm that:

- Our audit opinion is in accordance with the additional report presented to the Audit Committee of the Company, which we have issued on the same date in which we have delivered this report. Also, in the conduct of our audit, we have kept the independence regarding the audit-ed entity.
- We have not provided the Company with prohibited non-audit services, as referred to Article no. 5 paragraph (1) of the EU Regulation No 537/2014.

Timișoara, March 22,  
2021

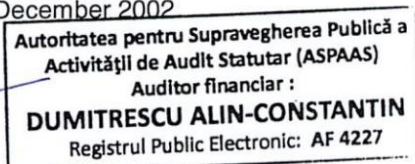
On behalf of

A.B.A. AUDIT SRL  
1, Georg Haendel Str., Timișoara, Timiș



Registered in the Electronic Public Register with the No. FA305/23 December 2002

Dr. Dumitrescu Alin-Constantin



Registered in the Electronic Public Register with the No. AF4227/29 February 2012



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## CONSOLIDATED ANNUAL FINANCIAL RESULTS

### The Report

#### **To THR Marea Neagră SA Board of Directors related to the consolidated financial situations drawn up for the year 2020**

**The annual report according to :** The accounting Law no. 82/1991, OMFP 2844/2016 for the approval of accounting regulations consistent with the International Standards of financial reporting, the Law 24/2017 concerning the capital market and ASF Regulation no. 5/2018 concerning the issuers and the transactions with securities.

The Group for which were elaborated the present financial situations is formed by the company Turism, Hoteluri, restaurante marea Neagra S.A. and Balneoterapia Saturn SRL („The Group”)

Name of the trade company: ***Turism, Hoteluri, Restaurante Marea Neagră S.A.***  
***-Mother company-***

Head Office: **Lavrion Street, No. 29, Mangalia, Constanța County**

Phone number / Facsimil: **0241-75.24.52 / 0241-75.55.59**

Unique Registration Code at the Trade Register Office: **2980547**

Registration Number Trade Register: **J13/696/1991**

The regulated market on which the issued securities are traded: **Stock exchange Bucharest**

Subscribed and paid capital: **57.600.848,70 lei**

Name of the trade company: ***Balneoterapia Saturn SRL – branch***

Head Office: **Lavrion Street, No. 29, Mangalia, Constanța County**

Phone number / Facsimil: **0241-75.24.52**

Unique Registration Code at the Trade Register Office: **14271182**

Registration Number Trade Register: **J13/1910/2001**

Subscribed and paid capital: **2.000 lei**

The main characteristics of the securities issued by the trade company: **the shares of the company are not traded on a regulated market, the register of the shareholders being held by the administrators with the help of Shareholders's register**

#### **1. ANALYSE OF THE COMPANY ACTIVITY**

##### **1.1. a) Description of the main activity**

The main company's activity of the company **THR Marea Neagra SA** according to the classification is CAEN 5510 code "Hotels and other similar accommodation facilities",



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

namely the accommodation, public catering, balneary treatment and tourist leisure provision of services.

The activity takes place through its own work points, registered and classified according to the legislative documents in force, disposing of all operating licences provided by the legislation in force.

The main activity of the company Balneoterapia Saturn SRL, according to the classification is CAEN code 8622 „Activities of specialized medical assistance”

## **b) Date of the Company's establishment**

The Trade Company **THR Marea Neagra SA** was established on the date of 05.03.1991, having the name of S.C. Eforie S.A. The Company changed her name from Eforie S.A. into T.H.R. Marea Neagră S.A. in the year 2005, according to the delegated judge's conclusion at the Trade Register Office Constanța number 10.687/24.01.2005, and during the year 2010, the Company moved its Registered Office in Mangalia, Lavrion Street, No. 29, Constanța County.

Until the AGEA from the date of 11.08. 2020, the Company's Management system is was a two-tier system. Starting with this date, it is modified the form of administration of the company from two-tier system to unitary system, the Company's management being performed from now on by the Board of Directors.

The Company **Balneoterapia Saturn SRL** is a legal person registered at the Trade Register Office under no. J13/1910/2001, sole registration code 14271182.

## **c) Description of significant mergers and reorganizations**

In the year 2020, no mergers or reorganizations have taken place in none of the companies pertaining to the group.

*In the month May 2020, **THR Marea Neagra SA, as sole asociate at Balneoterapia Saturn SRL, decided the modification of its functioning duration, from undetermined to determined, until 31.07.2020, viewing the dissolution of the company, according to art. 227 par. (1) p.a) of the Law no. 31/1990 and the subsequent liquidation, with the consequence of radiation from the Trade Register Constanța.***

## **d) The description of purchases and/or assets alienations**

In the year 2020, THR Marea Neagra SA continued the development/restructuring Company's strategy, by the sale of some assets from the Company's heritage, namely:

- Atena Complex (building and field) of Saturn;
- Dunarea Restaurant (building and field) of Saturn;





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

- Gloria Hotel (building) of Eforie Sud;
- -Field in an area of 1016 s.m. afferent to Bufet Luna Park of Saturn;

## 1.1.1.Elements of general assessment of the Group:

- a) Total incomes : **43.565.410 lei** (including incomes from annulation of provisions)
- b) Total costs: **37.290.316 lei** (excluding current, postponed corporate tax, specific tax, for a total amount of **2.159.728 lei**);
- c) Gross profit: **6.275.094 lei**
- d) Turnover: **23.101.045 lei**
- e) Available in the account: **20.710.046 lei.**
- f) Export: it is not the case

The Mother-company carries out its activity through its working points located in the tourist resorts of national interest: Eforie Nord, Eforie Sud, Neptun, Venus and Saturn, being among the main profile companies in the country, its subsidiary Balneoterapia not having activity in the first semester of 2020.

The Mother-company also has hotel units located in the market with well-consolidated positions at national level.

The activity has a pronounced seasonal character, determined by the period of holidays and stays on the Romanian Black Sea coast.

To mitigate the seasonal character, the company has oriented its investment program towards the development of its own capacities for the provision of the spa medical services by using the specific natural treatment factors, currently having 4 own treatment bases within the Hotel Complexes “Hora”, “Balada”, “Sirena” - Saturn and the Hotel Complex “Bran-Brad-Bega” of Eforie Nord, the last one being put into operation in the year 2012.

The operational activity produces revenues that lead to a positive economic-financial result, capable of ensuring the coverage of all operating costs, but also of making profit used partially to finance the investment programs.

The concentration of the revenues realized in a limited period of the year (June-August) implies the temporary financing of the activities from sources drawn, respectively bank loans, which are reimbursed as the collection of the incomes related to the financial year in progress.

## 1.1.2.Assessment of the trade Company's technical level

Description of the main products made and / or services provided with the specification:



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## *a) the main retail markets for each service and distribution methods*

In the year 2020, THR Marea Neagra SA operated in direct management a number of 4860 places of accommodation and 3720 places of public food, located in the tourist resorts on the Romanian coast of the Black Sea in units classified in category 4 \*, 3 \* and 2 \*.

The main own products are the packages of accommodation services, public food, spa treatment, leisure (spa, swimming pools, cold mud baths).

An important distribution channel is represented by online sales through specialized sites, but also through its own sales site, channels with the highest rise in recent years and with great potential for growth in the market.

The direct sales at hotel receptions, especially at the end of the week, have a significant share in sales.

## *b) Income structure by main service categories:*

Indicators	Accomplished 31.12.2020 (lei)	Accomplished 31.12.2019 (lei)	Accomplished 31.12.2018(lei)	Performed index 31.12.2020/ accomplished 31.12.2019	Total revenue weights (%)		Total weights Turnover (%)	
					Performed 2020	Performed 2019	Performed 2020	Performed 2019
Total incomes, exclusively the revenues from cancellation of provisions and exclusively the postponed income tax	43.565.410	60.310.966	64.213.156	72,24%				
Turnover, whereby:	23.101.045	49.027.474	46.949.351	47,12%	53,03	81,29	100,00	100,00
- Accommodation	11.861.320	30.471.444	29.393.891	38,93%	27,23	50,52	51,34	62,15
- Public catering	5.973.277	14.399.840	13.932.309	41,48%	13,71	23,88	25,86	29,37
- Rents	3.485.443	1.305.195	1.139.225	267,04%	8,00	2,16	15,09	2,66
Other revenues included in the turnover	1.781.005	2.850.995	2.483.926	62,47%	4,09	4,73	7,71	5,82

**Total incomes**, exclusively the revenues from cancellation of provisions and the income related to the deferred income tax, registered by the company in the financial year 2020, are worth **43.565.410 lei**, knowing a realization of 72,24% compared to the total revenues of the year 2019 (60,310,966 lei) . From the analysis of revenues, on the main service categories, it is observed a major decrease of incomes from rents, public food service



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

and other incomes, as a consequence of the drastic reduction of tourism circulation, after the start of the SARS-Cov 2 pandemic, pandemic declared by the World Health Organization at the date of 11.03.2020

An important weight in the total revenues is represented by the income from accommodation (11,861,320 lei), which represents 27,23% and the revenues from public food (5,973,277 lei), which represents 13,71%.

Within the total revenues of the year 2020, **the turnover totals 23,101,045 lei**, which represents **a realization of 47,12%** compared to the turnover of the previous year (49,027,474 lei).

The revenues that compose the turnover in 2020 were obtained from the following activities:

- Accommodation;
- Public food service;
- Rents;
- Other additional incomes – services: treatment, parking, swimming pools, etc.

The largest weight in the turnover structure is represented by the revenues from the accommodation activity – 51,34%.

The revenues from the public catering accounted for 25,86% of the turnover, and the revenues from the rental activity registered a reduced share in the turnover, namely of 15,09%.

The group "Other revenues" reflected in the turnover, achieved by carrying out secondary activities (treatment, parking, swimming pools) totaled 1,781,005 lei, namely a weight of 7,71%.

### ***c) New products envisaged and their stage of development***

The company has as a priority the maintenance, development and creation of new tourism products, taking into account the current market requirements for such services.

Along with its own products materialized in: packages of accommodation services, public food, spa treatment, leisure, etc., the company pursues the development of the existing capacities as well as the development and modernization of the computer system that allows online reservations and other services requested by tourists.

Through the tariff and contracting policy, incentive conditions have been created for tour operators which consist of:

- facilities for families with children;



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

- the program "Early registrations";
- capping at maximum 18% of sales commissions to agencies against the agreement rates;
- non-commissioning of public catering services by the beneficiary, for which the provider granting a commission of 10%;
- granting additional discounts (by volume) at the end of the season.

Special offers have been launched to boost sales of service packages: “Zile gratuite de vacanță”, ‘Last minute’, offers for the stimulation of online sales, special offers for the month of September, participation in programs promoted by employers' organizations in tourism (‘Litoralul pentru toți’).

Starting with the year 2018 we offer tourists and specific services on the rented beach area from CN Apele Române for a period of 10 years, in Saturn resort.

### **1.1.3.Assessment of the technical-material supply activity**

The technical-material supply was mainly based on the domestic sources of raw materials and materials.

THR Marea Neagra SA has implemented an integrated management system of quality-environment-food safety (SR EN ISO 9011: 2008, SR EN ISO 14001: 2005 and SR EN ISO 22000: 2005) which also covers the supply segment, being implemented specific operational procedures.

The purchases were made from traditional suppliers, direct producers or importers, large companies, with accreditation on the respective subjects, ISO certified, according to European norms and standards.

Suppliers are selected by a selection committee, based on established criteria and a score, which mainly reflects the price / quality ratio.

Dependence on the main suppliers is small, given the large number of potential suppliers on the market, with similar offers.

Regarding the security of the sources of supply, we specify that all the raw materials purchased are accompanied by certificates of conformity, guarantee certificates, technical data sheets. The stocks of raw materials and materials for the operational activity are minimal, considering that the main activity of the company, the activity of providing tourist services, is carried out during the summer season.

### **1.1.4.Assessment of the sales activity**

*a) Description of the sequential sales evolution on the internal and external market and of the medium and long term sale prospects*



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

The company mainly operates on the basis of contracts for the provision of tourist services concluded with the travel agencies, the National House of Public Pensions (the treatment contract), other beneficiaries (unions, organized groups, etc.), online sales and for individual tourists arriving on their own.

In 2020, compared to the BVC and the achievements of the previous year, the tourist circulation is presented as follows:

Explanation	CNPP	Tourism agencies	Other beneficiaries	Own account + online	Tourist-days
					TOTAL
<b>Performed on the date of 31 December 2020</b>	<b>64.063</b>	<b>54.730</b>	<b>2.768</b>	24.624	<b>146.185</b>
<b>BVC on the date of 31 December 2020</b>	<b>89.212</b>	<b>198.950</b>	<b>10.400</b>	22.123	<b>320.685</b>
Differences Performed on the date of 31 December 2020/ BVC on the date of 31 Decembrie 2020	(25.149)	(144.220)	(7.632)	2.501	(174.500)
Percentage performed 31 Decembrie 2020/ BVC 31 Decembrie 2020	72%	28%	27%	111%	46%
<b>Performed on the date of 31 Decembrie 2020</b>	<b>103.998</b>	<b>236.654</b>	<b>18.878</b>	27.517	<b>387.047</b>
Differences performed 31.12.2020/ Performed 31.12.2019	(39.935)	(181.924)	(16.110)	(2.893)	(240.862)
Percentage performed 31.12.20/ Performed 31.12.19	62%	23%	15%	89%	38%
<b>Weights in the structure on the date of 31.12.2020</b>	<b>44%</b>	<b>37%</b>	<b>2%</b>	<b>17%</b>	<b>100,00%</b>
<b>Weights in the structure on the date of 31.12.2019</b>	<b>27%</b>	<b>61%</b>	<b>5%</b>	<b>7%</b>	<b>100,00%</b>
Accommodation capacity 2020 (places)					4.860
Accommodation capacity 2019 (places)					5.972

As you can see, in 2020 there was a tourist circulation of 146,185 tourist days, representing a decrease compared to the budgeted indicator by 54%, and a decrease compared to 2019 with 62%. The decrease was mainly determined by the crisis generated by COVID-19 but also by the decrease of the accommodation capacity in 2020 compared to 2019 due to the renting and sale of assets.

From the analysis of the tourist circulation, we notice:

- The treatment contract concluded with the National House of Public Pensions (CNPP) ensured in 2020 a tourist circulation of 64,063 tourist days, with 25,149 tourist



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

days less than the budgetary provision and with 39,935 tourist days less than achieved in 2019. This decrease is due to the decrease of the number of places auctioned by CNPP on resorts and because the COVID-19 crisis.

- The tourist circulation through the travel agencies decreased in 2020 compared to 2019, with 181,924 tourist-days, and compared to the budgetary provision registered an decrease with 144,220 tourist-days.

- The company also signed agreements with other beneficiaries (trade unions, associations, etc.), based on which a tourist circulation of 2,768 tourist days was made, compared to 10,400 budgeted tourist days, which represents a decrease of 73 % compared to the budgetary provisions

- The segment of own and online sales registered an increase with 2,501 tourist days compared to the budgeted provision.

Another indicator of the tourist circulation, the number of tourists, registered an evolution similar to the one expressed in tourist-days.

In the coming years we will continue to consider adapting the tariff and contracting policy to the market requirements, creating incentive conditions for tour operators, granting volume discounts, facilities for families with children, the policy for Early Registration, giving up of commissions to stimulate the sellers and create advantages when selling the public food services. We will pay more attention to the online sales segment.

We are considering the development of special offers designed to ensure an increase of the tourist circulation, as well as a permanent adaptation of the tourist product to the evolution of the market.

## ***b) Description of the competitive situation, the market share of the services and the main competitors***

The company operates in an area where the main activity is represented by its object of activity, namely the provision of accommodation services, public food, leisure, the main attraction representing the beach and the quality of the Black Sea bathing water, as well as the healing qualities. of the main natural resources of spa treatment, the sapropelic mud of Techirghiol, the water of Lake Techirghiol, the mesothermal sulfur water, the sea water and the aerosols.

The area has the highest concentration of tourist capacities, which creates a highly competitive climate.

The external market represents a particular competition with similar products, the tariff policy making the difference, identifying in this sense the Bulgarian coast market as a competitor.





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## ***c) Description of any significant dependence of the company on a single customer or on a group of customers whose loss would have a negative impact on the company's revenues***

The tourist products of T.H.R. Marea Neagră S.A. they have a national distribution area, being available on all distribution channels (travel agencies, websites, direct sales, etc.).

As a result, the disappearance of a partner will not significantly affect the distribution of the tourist product.

Share of each distribution channel in total year 2020:

Explanations	CNPP	Tourism agencies	Other beneficiaries	Own account and Online	TOTAL
<i>Tourist days 2020</i>	<i>64.063</i>	<i>54.730</i>	<i>2.768</i>	<i>24.624</i>	<i>146.185</i>
<b>Weight in total 2020 (%)</b>	<b>44%</b>	<b>37%</b>	<b>2%</b>	<b>17%</b>	<b>100%</b>

An important weight in the sale of tourism products is represented by the tour operators, with 37% of the total tourist days performed in 2020.

Also, another important customer, with 44% of the total tourist-days, is the National House of Public Pensions. Considering that the public procurement of this partner is made for the public sector pensioners, the non-acquisition by CNPP of these services does not cancel the consumption demand. The treatment of health being a necessary and continuous process, the product will be placed on other distribution channels, so that the customer can get to buy the necessary product.

## **1.1.5.Assessment of aspects related to the employees / staff of the company-GROUP**

χ) Regarding human resources in 2020, compared to 2019, the evolution is as follows:

Crt. No.	Indicator	Number on the date of 31.12.2020	Average number in 2020	Average number in 2019
<b>A</b>	<b>Permanent personal number whereby:</b>	<b>93</b>	<b>94</b>	<b>110</b>
	<i>a)Tesa Personnel</i>	<i>36</i>	<i>33</i>	<i>40</i>
	<i>b)Operational personnel</i>	<i>57</i>	<i>61</i>	<i>70</i>
<b>B</b>	<b>Seasonal personal number (exclusively day laborers)</b>	<b>37</b>	<b>153</b>	<b>292</b>
	<b>Total personnel</b>	<b>130</b>	<b>247</b>	<b>402</b>



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Compared to 2019, in 2020 there is a decrease of the medium number of season personnel, due to the temporary reduction of the activity in the context of the epidemic situation determined by the coronavirus spread.

It must be mentioned that the personnel number and the medium number on Group in the year 2020 is not influenced by Balneoterapia, inasmuch all the employees of the subsidiary have been hired from 2019 by the Mother-company.

b) Relations between Managers and Employees, regulated by the Collective Labor Agreement, are based on communication, involvement and team spirit, respecting the rules and working procedures established by ROI, the job description, without any conflicting elements.

## **1.1.6. Assessment of the aspects related to the impact of the basic activity of THR Marea Neagra SA on the environment**

The basic activity of T.H.R. Marea Neagră S.A. is carried out in compliance with the legislation in force regarding the environmental protection requirements, obtaining the necessary environmental authorizations for each type of activity and at each working point.

The Company identified all its activities that have a possible impact on the environment and regulated them according to the environmental standards SR EN ISO 14001: 2005 by its own procedures.

In 2020, the Company didn't face any litigation generated by the non-observance of the environmental legal regulations.

## **1.1.7. Assessment of the aspects regarding the reduction of the negative impact of the COVID-19 crisis on the financial performances and measures taken to protect against COVID-19**

The Company took steps to contribute to the reduction of the negative impact of the COVID-19 crisis on its financial performances of for preserving the heritage integrity, such as:

- it was obtain the blue certificate for emergencies situations issued by the Ministry of Electric Power and Business Environment, in view of the application of OUG 48/2020, concerning some financial-fiscal measures;

- in the period 08.04.2020- 13.06.2020, the company put some of the employees in technological unemployment, the ones who had expired their past-due holiday and the one afferent to the year 2020 ;

- measures were taken to protect against COVID-19, offering a special attention for the tourists' accommodation, connected services and also tourist-tourist, personnel-tourist and personnel-personnel interaction;

- SSM measures were elaborated concerning the prevention of infection with the new coronavirus;





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

-it was delegated a commission made of three persons, for the prevention and spreading of coronavirus and to ensure the development of the work activity in security and health in labor conditions;

-there were acquired dozers for disinfectants, stickers with clear signs, alcohol-based disinfectants, gloves, masks etc.

## 2. FINANCIAL AND ACCOUNTING STATEMENT

In 2020, T.H.R. Marea Neagră S.A. had the accounting organized according to OMF 881/2012 and OMF 2844/2016 to approve the accounting regulations conforming to the International Financial Reporting Standards. By these orders, it has been stated that companies whose securities are listed on the regulated market, including T.H.R. Marea Neagră SA, have the obligation to prepare the financial statements in accordance with the above mentioned normative acts.

In accordance with the mentioned regulations, the financial statements are audited, annually, by the audit firm ABA Audit S.R.L. of Timișoara, based on the service agreement no. 1998 / 13.06.2019

The dynamic situation of the main assets at 31.12.2020, in comparison with the similar elements of the years 2019 and 2018, is presented as follows:

ASSET	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Variation 2020/2019 (%)	Weight 2020 in total assets (%)
Intangible assets	184.759.464	179.793.015	179.585.901	102,76%	70,50%
Tangible immobilizations	630.962	493.453	362.713	127,87%	0,24%
Real estate investments	25.513.673	29.274.302	16.065.300	87,15%	9,74%
Financial assets	0	0	0	0,00%	0,00%
Fixed assets (including deferred tax assets)	468.339	462.004	1.416.286	101,37%	0,18%
<b>TOTAL FIXED ASSETS</b>	<b>211.372.437</b>	<b>210.022.775</b>	<b>197.430.200</b>	<b>100,64%</b>	<b>80,66%</b>
Inventories	845.862	1.665.470	294.218	50,79%	0,32%
Trade receivables	501.177	567.318	794.963	88,34%	1,91%
Other receivables	3.698.969	2.932.574	1.809.548	126,13%	1,41%
Cash availability	20.710.046	31.718.771	27.985.903	65,29%	7,90%
Assets classified as held for sale	24.858.415	29.359.724	37.666.185	84,67%	9,49%
Expenses registered in advance	77.425	46.779	895.292	165,51%	0,03%
<b>TOTAL OF DEPRECIATION OF CURRENT ASSETS</b>	<b>50.691.895</b>	<b>66.290.637</b>	<b>69.446.109</b>	<b>76,47%</b>	<b>19,34%</b>
<b>TOTAL OF ASSET</b>	<b>262.064.332</b>	<b>276.313.412</b>	<b>266.876.309</b>	<b>94,84%</b>	<b>100,00%</b>



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Within the assets of the company, the largest share is held by the **fixed assets (80,66%)**.

**On the date of 31.12.2020, intangible assets which represent 70,50% of the total assets, register an increase with 2,76% compared to 31.12.2019. The decrease of the balance at 31.12.2020** with the value of depreciation, the discarding and missing from the inventory, the reclassifications from fixes assets in Real Estate Investments (Restaurant and Bufet Tosca), of the reclassifications from fixes assets in inventory items, of the lands (land Bufet Luna Park of Saturn, equipment complex Atena, Hotel Gloira and auto), **is annulled by the increase** with the value of construction work and acquisition of assets and by derecognition of Siret Complex (building and afferent field) of Real estate investment (rented asset) in Fixed assets as consequence of the cancelation of the rental contract concluded with Media Class SRL.

At the date of 31.12.2010, *at intangible assets*, which represent 0.24% of the total assets, we see an increase of about 27,87% compared to 31.12.2019, owed to the acquisition in financial leasing of three vehicles (brand Volkswagen – 2 pieces and brand Skoda Octavia – 1 piece) and which, according to IFRS 16 Leasing Contracts and to the requirements OMFP 2844/2016 they must not be acknowledges as means of transport but as “Assets afferent to the rights of using the assets taken in leasing” and treated as intangible assets.

At the indicator Real Estate investments, representing 9.74% of the total assets, we see an increase with 12,85% compared to 31.12.2019, owed to the derecognition of Siret Hotel (building and afferent field) of Real Estate investments (rented asset) in Tangible asset, consequence of annulation of the rental contract concluded with Media Class SRL.

**The long-term receivables, which represent 0,18% of the total assets**, have increased with 1,37% compared to 31.12.2019, owed to the constitution of guarantees afferent to the rental contracts of townhouses on the extra-season period for the employees of the company.

**At the FLOATING ASSETS, representing 19,34% of the total company assets**, it is seen a decrease compared to the level realized at 31.12.2019, with 23,53% owed to:

- the diminution of stocks at thirds;
- the diminution of the Assets classified as owned for sale with the sum of 4,501,309 lei, representing the accounting value of the assets sold in 2020 (Gloria Hotel-building, and Atena restaurant- building and field);
- the diminution of the Cash availabilities with 34,71% compared to 31.12.2019 owed to the distribution and payments in the month October 2020 of dividends from Other reserves being in balance at 31.12.2019, in addition to the one distributed and paid in August 2020 from the net profit of the year 2019.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

- the diminution of the Trade receivable with 11,66% compared to 31.12.2019 owed to the efforts of the financial service to recover the sums owed by the clients for the serviced provided by the company in the year 2020.

The Indicator other claims which represent 1,41% of the company assets, increased with 26,13% compared to 31.12.2019 owed mainly to the VAT recovered from ANAF.

In the table below the claims are presented as of 31.12.2020 as compared to 31.12.2019:

Crt. No.	Claims	Net claims on the date of 31.12.2020	Impairment adjustments on the date of 31.12.2020 (lei)	Claims on the date of 31.12.2020 (lei)	Net claims on the date of 31.12.2019 (lei)	Net debt variation 31.12.2020 31.12.19 (%)
1	Commercial claims	501.177	1.756.560	2.257.738	567.318	88,34%
2	Receivables from the state budget	3.412.752	27.472	3.440.224	2.669.062	127,86%
3	Different debtors	61.738	0	61.738	114.975	53,70%
4	Other claims	224.480	0	224.480	148.537	151,13%
	<b>TOTAL</b>	<b>4.200.146</b>	<b>1.784.032</b>	<b>5.984.179</b>	<b>3.499.892</b>	<b>120,01%</b>

*The claims of the Group* are composed by:

**-commercial debts**, represented by tourism services and other services provided by THR Marea Neagra to third parties, in sum of 2,257,830, which were adjusted with the amount of 1,750,560 lei, representing claims older than 1 year, afferent to services provided to Rugby Club Constanța, Mareea Comtur, Transilvania Hotels & Travel S.A., Sind Tour Operator, ACS Cuza Sport, Ager Construct, Remat Sud Mangalia, Cuemjiev Ioan, Dumitras Florenta, Gorj Turism, Inter Tour Bacau, Christian76 Tour, Sind Gaz.

**- Receivables from the state budget** mainly represented by VAT recovered in the sum of 2,917,486 lei of which for the sum of 2.761.032 lei it was solicited to ANAF its reimbursement, current profit tax in amount of 109.746 lei, VAT non-chargeable afferent to the bills of the providers in sum of 346,357 lei;

**-different debtors** in the sum of 61,738 lei represented mainly by advances paid to service providers who will be provided in 2021;

**-other claims** are mainly represent by the interest receivables by THR Marea Neagra SA at the deposits constituted at BCR in amount of 96,320 lei and which will be cashed in January 2020, social claims in sum of 69,665 lei, representing sick leaves paid by the Health Ensurance House.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

## In 2020, the liabilities positions had the following evolution:

LIABILITY	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Variation 2020/2019 (%)	Weight 2020 in total liabilities (%)
Subscribed and paid capital	57.894.994	57.894.994	57.894.994	100,00%	22,09%
Share capital adjustment following IAS 29 application	85.945.333	85.945.333	85.945.333	100,00%	32,80%
Share premiums	1.895.855	1.895.855	1.895.855	100,00%	0,72%
Reserves	24.914.052	32.929.447	28.188.838	75,66%	9,51%
Inflated reserves following first-time application of IAS 29	16.745.901	16.745.901	16.745.901	100,00%	6,39%
Differences from the reassessment	102.114.289	105.720.135	105.238.279	96,59%	38,97%
Own shares and Losses related to the sale / cancellation of equity instruments	(299.963)	(13.975)	0	2,146,43	(0,11)
The result carried forward with the exception of the carried forward result from the first adoption of IAS 29	60.866.479	57.651.954	55.169.050	105,58%	23,23%
The result carried forward from the first adoption of IAS 29	(102.691.275)	(102.691.275)	(102.691.275)	100,00%	(39,20%)
Other equity elements	(12.735.714)	(13.137.054)	(13.056.602)	96,94%	(4,86%)
Exercise result	4.115.367	5.200.742	9.400.951	79,13%	1,57%
<b>TOTAL OWN CAPITALS</b>	<b>238.765.317</b>	<b>248.142.056</b>	<b>244.731.322</b>	<b>96,22%</b>	<b>91,11%</b>
<b>TOTAL DEBTS whereby:</b>	<b>23.299.015</b>	<b>28.171.356</b>	<b>22.144.988</b>	<b>82,70%</b>	<b>8,89%</b>
Medium and long-term debts	14.159.958	14.174.979	13.990.404	99,89%	5,40%
Short-terms debts	9.139.057	13.996.377	8.154.584	65,30%	3,49%
<b>TOTAL LIABILITY</b>	<b>262.064.332</b>	<b>276.313.412</b>	<b>266.876.309</b>	<b>94,84%</b>	<b>100,00%</b>

Within the liabilities elements, the largest share is held by the equity (91,11%), the share capital representing 22,09% of the total liabilities of the company.

**The equity on the date of 31.12.2020**, decreased by 3,78% compared to the equities at **31.12.2019**, due to the increases / reductions on each liability item:

- **Reserves**, composed of legal reserves and other reserves, in a total amount of **24,914,052 lei**, with a decrease compared to 2019 (**32,929.447 lei**) with 24,34%, a decrease due to the diminution of the indicator Other reserves with the sum of 10,368,153 lei which was distributed on dividends, decrease compendated in a small measure with the sum of 2,015,796 lei distributed on other reserves and with the sum of 336,962 lei distributed on legal reserves from the net profit of the year 2019.
- **Differences** from the reassessment of the assets of the company in the amount of **102,114,289 lei**, which compared to the balance registered on 31.12.2019, knows a reduction with the amount of **3,605,845 lei** on account of the revaluation reserves from reassessment afferent to sold assets and disposals.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

- **The result carried over** in the amount of **60,866,479 lei** balance representing the surplus realized from revaluation reserves related to the sold assets and the disposals. Compared to the balance of the financial year 2019 (57,651,954 lei), there is an increase with **3,605,845 lei** representing the surplus realized from reserves from reassessment related to the assets sold and disposed of in the financial year 2020 by THR Marea Neagra SA and a decrease with **391,321 lei** representing the loss reported of the year 2019 of Balneoterapia SRL.
- **The net result of the exercise** amounting to **4,115,367 lei** knew a decrease compared to the one of 2019 (5,200,742 lei) with 20,87%, decrease due mainly to the significant reduction of revenues from rentings and public food service, because of the SARS-CoV-2 pandemic, which significantly affected the field HORECA. The decrease was softened by the increase of the revenues from the asset sale.

We mention that the reassessments made after 01.01.2004 are recognized from a fiscal point of view as items similar to the income as the depreciation of the tangible assets and their exit from the assets. For these temporary differences between the book value and the tax value, IAS 12 requires the calculation of a deferred income tax, which diminishes the value of equity (included in the table above under other items of equity) and is added to the debts.

*The short-term debts on the date of 31.12.2020*, including provisions, compared to 31.12.2019, structured according to their nature and according to their requirements, are presented in the following table:

No. Crt.	Current debts	Debts at 31.12.2019	Debts at 31.12.2020	under 30 days	30-90 days	91-180 day	181-270 days	270-365 days	Variation 31.12.2020/31.12.2019
1	Sums owed to credit institutions	0	1.273.484	0	0	0	0	1.273.484	0,00%
2	Commercial debts and other debts	13.586.647	7.638.015	6.205.687	491.368	94.643	203.980	642.337	56,22%
2.1.	Advances cashed in the account of order, total of which:	5.793.406	1.218.188	0	466.680	0	177.729	573.779	21,03%
	<i>Advances cashed from selling and renting assets</i>	<i>5.724.599</i>	<i>1.040.459</i>	<i>0</i>	<i>466.680</i>	<i>0</i>	<i>0</i>	<i>573.779</i>	<i>18,18%</i>
	<i>Advances cashed from tourism services</i>	<i>68.807</i>	<i>177.729</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>177.729</i>	<i>0</i>	<i>258,30%</i>
2.2.	Commercial debts	1.098.452	649.574	649.574	0	0	0	0	59,14%
2.3.	Debts to the state budget	638.083	432.648	432.648	0	0	0	0	67,80%
2.4.	Debts with the personnel	541.676	519.463	519.463	0	0	0	0	95,90%
2.5.	Other debts	5.515.029	4.818.142	4.604.002	24.688	94.643	26.251	68.558	87,36%
	<b>TOTAL CURRENT DEBTS</b>	<b>13.586.647</b>	<b>8.911.499</b>	<b>6.205.687</b>	<b>491.368</b>	<b>94.643</b>	<b>203.980</b>	<b>1.915.821</b>	<b>65,59%</b>

lei





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

**Short-term debts on the date of 31.12.2020, including provisions**, decreased over the same period of last year by 34,41%, a decrease due to:

- Rental of advances cashed in 2019, afferent to sale-purchase contracts of the assets Hotel Gloria and Restaurant Dunarea authenticated at the notary office at the beginning of the year 2020 ;
- The rental of advances cashed in 2019 for the rent on the year 2020 of the assets: complex Capitol, Hotel Prahova, Hotel Mureș, complex Siret ;
- The reduction of the debts with personnel, owed to the reduction of the personnel number because of the COVID-19 pandemic;
- The reduction of the debts to the state budget because of the COVID-19 pandemic;
- The reduction of the value of the indicator Other debts caused by the compensation of the guarantee chased for bidding the complex Atena with the owed sum, consequence of conclusion and authentication of the sale-purchase contracts with Transevren SRL.

**The long-term debts on the date of 31.12.2020, excluding provisions**, totaling **13,452,106 lei**, are slightly decreasing, by 0,60% compared to those recorded at 31.12.2019 (13,533,308 lei). These consist of term guarantees (suppliers) in the amount of 112,352 lei, of the deferred income tax in the amount of 13,151,453 lei (non-due debt to be recognized as payable debt, as the depreciation or exit of the fixed assets from the assets) and from Capital rates afferent to the three contract of financial leasing on 5 years term, in the amount of 188,301 lei.

**Within the liabilities elements, at the chapter Debts, are also the provisions.** Their component is presented in the following table:

No. Crt.	Explanation	31 December 2020 (lei)	Creation of provision until 31.12.2020 (lei)	Anullment of provision until 31.12.2020 (lei)	31 December 2019 (lei)
<b>1</b>	<b>Provisions for total litigations, of which:</b>	<b>707,852</b>	<b>143,871</b>	<b>77,691</b>	<b>641,672</b>
	<i>Carja Vasile - File.3093/118/2016 – claims cval improvements brought to Flora villa before its restitution to THR</i>	554,512	0	0	554,512
	Court. of Constanta Trial expenses representing lawyer honorary of Eforie City for the file 8013/118/2017 in which THR tried to annul a layland tax	3,570	3,570	0	0
	<i>Monica Saturn - File nr.3208/254/2019 – lack of using the space which covers the sea water pump (Bufet Aida)</i>	41,200	41,200	0	0
	<i>Alcon SRL - File no. 8002/118/2020 – Penalties bills</i>	99,101	99,101	0	0

No. Crt.	Explanation	31 December 2020 (lei)	Creation of provision until 31.12.2020 (lei)	Anullment of provision until 31.12.2020 (lei)	31 December 2019 (lei)
	<i>Mateevici Alexandru, Zellinger, Stoicovic si altii – File 15314/212/2018 - Trial expenses, lawyer honorary from the files 2639/118/2017 and 4847/212/2010</i>	0	0	20,900	20,900
	<i>City Hall of Eforie city – taxes and accessories calculated additionally as consequence of fiscal control, contested by THR</i>	9,469	0	56,791	66,260
<b>2</b>	<b>Provisions for the employees' benefits, total of which:</b>	<b>228,257</b>	<b>20,072</b>	<b>201,545</b>	<b>409,730</b>
	<i>Provisions for retirement rights</i>	55,878	20,072	16,665	52,471
	<i>Provisions for not-effected Holidays</i>	172,379	0	184,880	357,259
	<b>TOTAL PROVISIONS</b>	<b>936,109</b>	<b>163,943</b>	<b>279,236</b>	<b>1,051,402</b>

## THE FINANCIAL EXERCISE RESULT 2020

For 2020, the Revenue and Expenditures were realized in a weight of 100% at the category Revenues and in weight of 98,76% at the category expenses by the Mother-company, Balneoterapia not having activity, the structure of the two companies of the group being presented in the following table:

Name of indicator	THR (activities subject to profit tax) (lei)	THR (activities subject to specific tax) (lei)	TOTAL THR (lei)	Balneoterapia (lei)	TOTAL GROUP (lei)
Total revenues	25.103.087	18.463.063	43.566.150	(740)	43.565.410
Total expenditures	13.909.775	22.917.126	36.826.901	463.415	37.290.316
<b>GROSS PROFIT</b>	<b>11.193.312</b>	<b>(4.454.063)</b>	<b>6.739.249</b>	<b>(464.155)</b>	<b>6.275.094</b>

The revenues and expenses of the GROUP at 31.12.2020, in relation to the achievements of 2019 and 2018, are presented as follows:

Indicators	Accomplished 2020 (lei)	Accomplished 2019 (lei)	Accomplished 2018 (lei)	Index 2020/ 2019 (%)
<b>Total operating income whereby:</b>	<b>42.690.317</b>	<b>59.491.027</b>	<b>63.851.785</b>	<b>71,76%</b>
Accommodation activity	11.861.320	30.471.444	29.393.891	38,93%
Public catering activity	5.973.277	14.399.840	13.932.309	41,48%
Rental activity	3.485.443	1.305.195	1.139.225	267,04%
Other revenues included in the turnover (spa treatment, parking, swimming pool ..)	1.781.005	2.850.995	2.483.926	62,47%



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Indicators	Accomplished 2020 (lei)	Accomplished 2019 (lei)	Accomplished 2018 (lei)	Index 2020/ 2019 (%)
Incomes from exploitation subventions	90.603	0	0	0,00%
Other incomes (fixed production, adjustments, cancellation of provisions, fines, penalties, etc.)	1,170,893	2,948,737	2,228,875	39,71%
Active sales activity	18,327,776	7,514,816	2,228,875	39,71%
<b>Total Operating expenses whereby:</b>	<b>37.288.140</b>	<b>52.823.905</b>	<b>50.789.283</b>	<b>70,60%</b>
Expenses regarding stocks	4.945.167	8.945.901	7.613.704	55,28%
Expenses regarding utilities	1.837.344	3.098.955	2.781.227	59,29%
Expenses with employee benefits	10.569.157	16.229.031	12.831.494	65,13%
Expenses related to depreciation and depreciation of fixed assets	6.280.684	9.609.824	7.243.810	65,36%
Expenses with assigned assets and assets held for sale	4.771.679	2.318.435	7.309.729	205,81%
Expenses with other taxes and fees	3.402.125	4.225.644	4.384.556	80,51%
Expenses with external benefits	5.078.204	7.972.459	6.847.629	63,70%
Other expenses	403.782	423.656	1.786.134	95,31%
<b>Operating result</b>	<b>5.402.178</b>	<b>6.667.122</b>	<b>13.053.502</b>	<b>81,03%</b>
Financial incomes	875.094	819.939	361.371	106,73%
Financial expenses	2.176	12.897	2.506.100	16,87%
<b>Financial result</b>	<b>872.918</b>	<b>807.042</b>	<b>(2.144.728)</b>	<b>108,16%</b>
<b>TOTAL INCOMES</b>	<b>43.565.411</b>	<b>60.310.966</b>	<b>64.213.156</b>	<b>72,23%</b>
<b>TOTAL EXPENSES</b>	<b>37.290.316</b>	<b>52.836.802</b>	<b>53.304.382</b>	<b>70,58%</b>
<b>GROSS RESULT</b>	<b>6.275.095</b>	<b>7.474.164</b>	<b>10.908.774</b>	<b>83,96%</b>
Current tax expenses	1.991.921	922.731	958.747	215,87%
Discount 10%	(210.167)	0	0	0,00%
Expenses with the specific tax	252.008	462.548	439.630	54,48%
Deferred tax expenses	125.965	951.078	109.434	13,24%
Income related to deferred income tax	0	(62.935)	0	0,00%
<b>NETResult</b>	<b>4.115.366</b>	<b>5.200.742</b>	<b>9.400.953</b>	<b>79,13%</b>

The revenues and expenses realized in 2020, on the two major categories of activities, in relation to the achievements of 2019, are presented as follows:

				lei
Indicators	Accomplished 2020	Accomplished 2019	Accomplished 2018	Index accomplished 2020 / Realizat 2019
<b>Basic activity</b>				
<b>Operational activity</b>				
<i>Incomes (including incomes for cancellation of provisions)</i>	24.362.541	51.976.211	49.178.226	46,87%
<i>Expenses</i>	32.516.461	50.505.470	43.488.554	64,31%
<b>Gross profit from operational activity</b>	<b>(8.153.920)</b>	<b>1.470.741</b>	<b>5.689.672</b>	<b>(418,48)%</b>





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Indicators	Accomplished 2020	Accomplished 2019	Accomplished 2018	Index accomplished 2020 / Realizat 2019
<b>Financial activity</b>				
<i>Incomes</i>	875.094	819.939	361.371	106,73%
<i>Expenses</i>	2.176	12.897	2.506.100	16,87%
<b>Financial gross profit</b>	<b>872.918</b>	<b>807.042</b>	<b>(2.144.728)</b>	<b>108,16%</b>
<i>Total incomes from basic activity</i>	25.237.635	52.796.150	49.539.597	47,80%
<i>Total expenses from the basic activity</i>	32.518.617	50.518.367	45.994.653	64,37%
<b>Gross result from the basic activity</b>	<b>(7.281.002)</b>	<b>2.277.783</b>	<b>3.544.944</b>	<b>(319,65)%</b>
<b>Active sales activity</b>				
<i>Incomes</i>	18.327.776	7.514.816	14.673.559	243,89%
<i>Expenses</i>	4.771.679	2.318.435	7.309.729	205,81%
<b>Gross profit from asset sales</b>	<b>13.556.097</b>	<b>5.196.381</b>	<b>7.363.830</b>	<b>260,88%</b>
<i>Operating incomes</i>	42.690.317	59.491.027	63.851.785	71,76%
<i>Operating expenses</i>	37.288.140	52.823.905	50.798.283	70,60%
<b>Gross profit from exploitation</b>	<b>5.402.177</b>	<b>6.667.122</b>	<b>13.053.502</b>	<b>81,03%</b>
<b>TOTAL Incomes</b>	43.565.411	60.310.966	64.213.156	72,23%
<b>TOTAL Expenses</b>	37.290.316	52.836.802	53.304.382	70,58%
<b>TOTAL GROSS PROFIT</b>	<b>6.275.095</b>	<b>7.474.164</b>	<b>10.908.774</b>	<b>83,96%</b>
<i>Income tax expenses</i>	1.991.922	922.731	958.757	215,87%
<i>Discount 10%</i>	(210.167)	0	0	0,00%
<i>Specific tax expenses</i>	252.008	462.548	439.630	54,48%
<i>Deferred profit tax expense</i>	125.965	951.078	109.434	13,24%
<i>Incomes related to deferred income tax</i>	0	(62.935)	0	0,00%
<b>NET RESULT</b>	<b>4.115.366</b>	<b>5.200.742</b>	<b>9.400.953</b>	<b>79,13%</b>

**The total incomes** registered in 2020, amounting to **43,565,411 lei** (including the provisions for cancellation of the provision in the amount of 443,377 lei), register a realization of **72,23%** to the volume recorded in the previous year 2019 (60,310,966 lei).

In structure, **the total incomes** present in this way:

- **accommodation incomes**, in amount of 11,861,320 lei, registering an accomplishment of 38,93% compared to the accomplished of the year 2019;

- **public food service incomes** in amount of 5,973,277 lei, registering an accomplishment of 41,48% compared to the accomplished of the year 2019;



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

The significant decrease of the incomes from accommodation and food service in the year 2020, towards both the budget and the accomplished of 2019, has at basis the international epidemic situation determined by the spread of the SARS-CoV-2 coronavirus, which had as effect the reinitiation of the activity and the partial opening of the hotel units from 15.06.2020, the restriction in the alert state in HORECA field, imposed by the competent authorities and the annulment of the bookings made for this period,

- **the rental activity** in amount of 3,485,443 lei, registered an increase with 167,04% compared to the accomplished of the year 2019, increase owed to the new assets rented starting with the year 2020 (Siret complex- building and afferent field, complex Capitol – building, Hotel Mureș – building, Hotel Prahova –building);

-**other incomes included in the turnover (spa treatment, parking, swimming pool entry, rentals etc.)** in amount of 1,781,005 lei have registered an increase of 62,47% compared to the year 2019 (2,850,995 lei), this decrease being very connected to the diminution of the accommodation incomes;

-**subvention incomes** in amount of 90,603 lei, representing sums given by the government as protection measures for the emergency period determined by the COVID-19 pandemic based on the Law 30/2020 and Law 19/2020 as technical unemployment support, as consequence of restraining the activity of the company, respectively help for parents, for the children supervision because of the temporary closing of the schools;

-**Other incomes** in amount of 1,170,893 lei, representing lack of use field Bufet Luna Park, lack of use of the field and tax on land in Sat Vacanță Dunarea pertaining to Cuemjiev Ioan, accommodation for personnel for companies who provide construction work at Hotel Venus si Hotel Aida.

-**the incomes from asset sale**, in amount of 18,327,776 lei have registered an increase with 143,89% compared to year 2019 (7,514,816 lei). These incomes have been realized as a consequence of the conclusion of sale-purchase contracts for the assets: Complex Atena din Saturn (building and afferent fields), land in area of 1016 sm afferent to Bufet Luna Park of Saturn, restaurant Dunărea (building and field), and the sale of means of transportation (Honda vehicle, 3 Fiat Ducato and a tractor with tow).

**The total expenditures** registered in the year 2020, in amount of **37,290,316 lei** (less than the expenses with the tax profit and specific), register **an accomplishment of 70,58%** compared to the expenses of year 2019 (52,836,802 lei). The weight in this decrease is owed by the expenses of the operational activity (32,516,461 lei), which registered an accomplishment of 65,38% compared to the expenses of year 2019 (50,505,407 lei). We mention that during this period the management of the company adopted a prudential attitude, of reducing the additional expenses, taking into account at the same time, the continuation of preparations for opening the season of 2020.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

In structure, **the total expenses** are presented like this:

-expenses with **the stocks of materials of the type of inventory objects, consumable materials, goods**, in the sum of 4,945,167 lei at 31.12.2020 registered a realization of 55,28% compared to the accomplished of 2019 (8,945,901 lei);

-**the expenses with utilities** (water-sewage, electric power and gases) in the amount of 1,837,344 lei at 31.12.2020, registered a realization of 59,29% compared to the accomplished at 31.12.2019;

-**the expenses with external providers, including expenses with collaborators**, in the amount of 5,078,201 lei, registered a realization of 63,70% compared to the accomplished of the year 2019 (7,972,459 lei);

-**the expenses with other taxes, including the expenses with pro rata VAT**, in amount of 3,402,125 lei at 31.12.2020 register a realization of 80,51% compared to the accomplished of the year 2019, this being owed to imposing a lower number of assets, as consequence of their sale in 2019, the reduction of the tax rate for the assets from Eforie city and annulment of the layland tax for the year 2020 for the asset Hotel Meteor of Eforie;

-**the expenses with personnel**, in amount of 10,569,157 lei at 31.12.2020, register an accomplishment of 65,18% compared to the year 2019 (16,229,031 lei)

-**the depreciation expenses** in amount of 6,280,684 lei at 31.12.2020 have registered an accomplishment of 65,36% compared to the year 2019 (9,609,824 lei), owed to the recognition in December 2019 on expenses of the value remained nondepreciated with the materials of the kind of inventory object, which lead to the reduction of the tangible assets redeemable in 2020

-**other operating expenses**, in the sum of 403,782 lei at 31.12.2020 registered an accomplishment of 95,31% compared to the accomplished of the year 2019 (423,656 lei)

-**the expenses with the assigned assets and the assets sale** in sum of 4,771,679 lei at 31.12.2020 have registered an increase with 105,81% compared to the realized of the year 2019 (2,318,435 lei).

Based on activities, in relation to the share of the revenues realized in the total revenues, two major categories can be identified: namely, **the basic activity of the company (strictly operational)**, generating income in the percentage of **57,93% of the total revenues** and the **activity of asset sales**, according to the strategy approved by the General Meeting of Shareholders for restructuring the company, with revenues in the percentage of **42,07% of the total**.

*The total gross profit realized in the amount of 6,275,095 lei presents, by activities, the following structure:*



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

- Operational activity (8,153,920)lei
- Financial activity 872,918 lei
- Asset sales activity 13,556,097 lei

At 31.12.2020, the company registers a loss in the basic operational activity (78,153,920 lei), representing a decrease in absolute value compared to the accomplished of the year 2019 with 9,624,661 lei. We must mention that in the year 2020 the gross profit from the operational activity was very affected by the spread of SARS-CoV-2 coronavirus, which had as effect the late opening of the hotel units.

The **gross profit from the financial activity of 872,918 lei** , at 31 December 2020, the company registers an increase by 8,16% compared to the accomplished at 31.12.2020, increase owed to the discount registered as consequence of the integral payment of local taxes until 31.03.2020 in amount of 159,174 lei and the bank interest cashed as consequence of constitution of bank deposits in amount of 701,058 lei.

Regarding the **gross profit from the sale of assets**, we recorded a value of **13,556,097 lei**, with an increase compared to the realized of the year 2019 with 160,88% and it is owed to the sale of the assets Complex Atena of Saturn (building and field), Restaurant Dunarea of Saturn (building and field), fied in an area of 1016 sm afferent to Luna Park buffet in Saturn, Honda vehicle.

***Concluding, at the end of the year 2019, T.H.R. Marea Neagră S.A. – GROUP registered a GROSS PROFIT of 6,275,095 lei, and a NET PROFIT, determined after deducting the tax on current, deferred and specific tax calculated, according to the legal regulations, in an amount of 4,115,368 lei.***

### **3. Insurance of financial resources, honoring payment obligations**

During the year, the Mother-company financed its activity by using its own sources and by committing a credit line with BCR in the amount of 5,000,000 lei, a line from, at 31.12.2020 was used the sum of 1,273,484 lei.

Regarding the payment obligations, the company does not register outstanding obligations on 31.12.2020 in relation to the state budget, banking institutions and other authorities.

### **4. Commercial company assets**

**4.1. The main accommodation and public catering capacities of the Mother-company (Balneoterapia does not own assets as constructions and fields, developing its activity in**



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

**spas pertaining to THR Marea Neagra SA), which are in the tourist circuit in 2020, consist of:**

## **Accommodation units:**

- 2 hotels with 4\*, with a total capacity of 992 accommodation places
- 7 hotels with 3\*, with a total capacity of 3.152 accommodation places
- 3 hotels of 2\*, with a total capacity of 716 accommodation places

## **Public food service establishments:**

- 2 restaurants with 4\*, with a total capacity of 992 places
- 4 restaurants with 3\*, with a total capacity of 1.994 places
- 2 restaurants with 2\*, with a total capacity of 734 places
- 2 day bars with 4\* with a total capacity of 120 places
- 8 day bars with 3\* with a total capacity of 360 places
- day bar with 2\* with a total capacity of 60 places

## **Leisure units:**

- 3 aqua parks, with a total capacity of 850 places

## **Spa treatment units:**

- 4 treatment bases: Bran-Brad-Bega, Hora, Balada and Sirena Complex with a total capacity of 5,350 procedures per day.

In total, the company had 4,860 accommodation places and 3,720 places for public food in 2020.

## **4.2 Description and analysis of the degree of wear of the assets of THR Marea Neagră SA**

The assets owned by the company are over 45 years old, generally being built between 1968-1972. The assets in the tourist circuit hold classification certificates and legal operating authorizations, meeting the legal requirements for the respective comfort category.

Some of the assets have been modernized over the last 10 years, with the comfort level rising from one or two stars to three and four stars. The works were large, including consolidations, so that they have a lower degree of wear than their age.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

A peculiarity of the activity is represented by the existence in the patrimony of some productive and auxiliary units that are not functional and others with partial functioning, which burden the basic activity and the economic result, given the investment need and the acute lack of funds, the low level of the real estate market and implicitly the reduced possibility of capitalizing on the assets approved for sale through the company's strategy.

These assets generate both fixed and variable expenses necessary for conservation, the fixed expenses of the nature of taxes and fees being amended by Law no. 227 / 2015 on the Fiscal Code with applicability starting with **01.01.2016**

In order to optimize these costs, it was envisaged the partial functioning of some assets where possible, in order to reduce the volume of losses recorded.

In 2020, were sold some of the non-functional assets, respectively the restaurant Dunarea, Hotel and Restaurant Atena, field afferent Bufet Luna Park of Saturn and Hotel Gloria of Eforie Sud.

## 5. Assessment of investment and development activity

The company is in constant search for solutions to reduce costs, but also to attract new customers. Given the fact that the local government has completed the gas supply of the stations, the company has started the process of connecting the thermal power plants to the gas network, some of the power stations in pertaining to THR being already connected, with positive impact on the environment as well as the efficient use of financial resources.

In the year 2020, the Company made significant investments (account 231) amounting to **6,992,950 lei** plus VAT in amount of 1,328,660 lei, presented in the following table:

Crt. No..	Unit	The investment objective	Total value, whereby:
1	Restaurant Narcis	Works of constructions saloon and food unit+ facilities	1.419.703
2	Hotel + restaurant + CT Diana	Continuation of works of increasing the confort degree from 2 to 3 stars and facilities	1.778.691
3	Piscina Raluca	Rehabilitation works, equipments , regulation of works access stair Hotel Raluca	773.881
4	Hotel Aida	Rehabilitation works of balconies and facades, electric installations for AC, telephone central, plasterboard walls	560.860
5	Hotel Sirena	Moquette rooms and hallways, central fire detenction assembly	514.366
6	Hotel Venus	Rehabilitation works hallways for rooms, room doors and bathrooms	505.414
7	Hotel Hora	Moquette rooms and hallways	495.536





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

Crt. No..	Unit	The investment objective	Total value, whereby:
8	Spalatorie si centrale termice	Gas burner and gas supply	253.479
9	Hotel Siret	Acces card for hotel doors 153 rooms	36.682
10	Hotel Balada	Rehabilitation work for balconies and facades	159.261
11	Administrativ	Diverse (cars, laptops, household utilities for resorts)	262.329
12	Hotel Cleopatra	Replacement of carpentry acces interior stairs, completion at the installation of hydrants for interior (ISU requirements)	63.437
13	Hotel Vraja Marii	Projection for rehabilitation resort 150 rooms and restaurant	50.161
14	Restaurant Brad, Restaurant Balada, Restaurant Prahova, Hotel Bega, treatment units	Kitchen devices, vaccum cleaners, command pannels	49.458
15	Complex BBB	Rehabilit. and moderniz. public utility infrastructure consisting in the collection of rainwater- Bega and Brad Hotels	44.172
16	Restaurant Venus	Construction work acces staircase	25.517
		<b>TOTAL INVESTMENTS (lei without VAT)</b>	<b>6.992.950</b>
		<b>VAT</b>	<b>1.328.660</b>
		<b>TOTAL INVESTMENTS (lei inclusively VAT)</b>	<b>8.321.610</b>

**The following own sources of financing** were used to finance the investments:

Explanations	Realized at 31.12.2020
Unused financial sources from the previous year	33.437.782
Liquidation	5.904.307
Cash flow from asset sales	11.907.099
<b>Total own funding sources</b>	<b>51.249.188</b>
Restitution of good execution warranties	144.534
Distributed dividends	12.959.390
<b>Total funding sources</b>	<b>38.145.264</b>

The investment financing action was fully supported by own sources.

## 6. Mention of potential problems related to the property right on the tangible assets of the commercial company.

Disputes concerning the ownership on **buildings** belonging to T.H.R. Marea Neagră S.A.:



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

- PTTR Agency Travel Agency of Saturn in contradiction with CN Romanian Post.

## **7. The securities market issued by THR Marea Neagră SA**

### **7.1. Specification of markets in Romania and other countries where securities are traded**

THR Marea Neagră SA (Mother-company) is a publicly owned company, according to the terminology stipulated in Law 24/2017 on the capital market, being registered with the National Securities Commission - Office for securities records.

T.H.R. Black Sea S.A. shares are listed in the second category of the Bucharest Stock Exchanges starting with 15<sup>th</sup> of August 2002, with the symbol "EFO".

In the last trading day of the year 2020, respectively 31.12.2020, at the closing of the Stock Exchange, the shares of THR Marea Neagră SA were quoted at a maximum value of 0.1285 lei / share, compared with 0.1160 lei / share at 30.12. 2019.

### **7.2. Description of the company's dividend policy. Specification of the dividends due / paid / accumulated during the last 3 years**

**For the year 2017**, the General Meeting of Shareholders has decided to distribute the profit for the establishment of legal reserves, their own financing sources and dividends amounting to **839,477 lei**.

**For the year 2018**, the General Meeting of Shareholders decided to distribute the profit for establishing legal reserves, their own financing sources and dividends amounting to **9,823,215 lei**.

**For the year 2019**, the General Meeting of Shareholders has decided to distribute the profit for the constitution of the legal reserves, of their own financing sources and dividends amounting to **3,184,224.66 lei**.

**Also for 2019**, the General Meeting of Shareholders from October 2020, decided the distribution from Other reserves existent in balance at 31.12.2019, on dividends, of the sum of **10,368,152.77 lei**.

### **7.3. Description of any activities of the company to purchase its own shares.**

**In AGEA no. 1 of THR Marea Neagră SA from 22.10.2019**, it was decided to redeem its own shares by the company, in accordance with the applicable legal depositions, in the limit of 1% of the social capital, meaning a maximum of 5,789,499 shares with a nominal value of 0,10 lei/share, at a minimum price equal to the market price of the shares of the company from BVB and a maximum price of 0,15 lei/share, with the destination **„distribution of the redeemed shares, free of charge, to the administrators, directors**





# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

**and employees of the company in view of improving and making loyal their activity within a program *Stock Option Plan*” and with an unfolding of the program on a maximum 9 months period.**

From the beginning of the program and until its termination, the company redeemed a number of 2,941,452 shares.

At the date of 05.10.2020, with the majority regulated by Law, the General Meeting of Shareholders has decided to change the destination of the redemption program approved by AGEA decision no. 1 / 22.10.2019 in “reduction of the capital through the annulment of its own shares”.

**7.4. If the company has subsidiaries, specify the number and nominal value of the shares issued by the parent company owned by subsidiaries.**

The company holds stakes in the share capital of other entities, as follows:

- 100,00% from the share capital of the company Balneoterapia S.R.L.
- 32,059% from the share capital of the company Transilvania Hotels & Travel.

**7.5. If the company has issued bonds and / or other debt securities, a presentation of the way whereby the commercial company pays its obligations to the holders of such securities.**

The company hasn't issued any bonds during 2020.

**8.THE MANAGEMENT of the two companies forming the GROUP: T.H.R. MAREA NEAGRĂ S.A.**

In AGEA at the date of 11.08.2020, it is approved the modification of the administration form of the company from two tier corporate company to unitary system.

As consequence of the approval of the modification of the administration form, AGOA at 11.08.2020 decides the following:

- the termination of the mandate of the Surveillance Board, composed by Mielu Dobrin, Florin Danut Buzatu and Dragos Calin, and also the Directorate composed by Narcisa Georgiana Mosoiu, Constantin Stanescu and Sofia Elena Zaganeanu starting with 11.08.2020;
- naming a Board of Directors starting with 11.08.2020, for a 2 years mandate, composed by Fratila Constantin, Raduta – Gib Tony – Cristian, Veres Diana, Mailat Dinu Serban and Marin Serban Valentin.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

The Board of Directors of THR Marea Neagra SA named in AGOA meeting at 11.08.2020, decides in the meeting CA at 11.08.2020:

- to choose as President of CA Mr. Fratila Constantin;
- to choose as Vicepresident of CA Mr. Raduta – Gib Tony – Cristian
- to mane as General Deputy Director Mr. Rosu Bogdan Nicolae for the period 11.08.2020 11.08.2022

The Board of Directors of THR Marea Neagra SA named in AGOA meeting at 11.08.2020 decides in CA meeting at 20.08.2020 the naming as General Director of the company, Mr. Zamfir Mihai for the period 25.08.2020-10.08.2022.

*a) any agreement, understanding or family connection between the Board of Administration/Directors and another person due to whom the person was appointed administrator or manager*

It's not the case.

*b) attendance of the Supervisory Board Members and Management to the capital of the company*

It is not the case.

*c) list of persons affiliated to the company:*

*The persons affiliated to the company THR Marea Neagră SA are:*

- S.I.F. Transilvania S.A., a company that holds at 31.12.2020, 77.71% of the shares issued by T.H.R. Marea Neagră S.A. ; at the date of the report, as consequence of the reduction of the social capital, it owns 78,11%;
- Balneotherapy Saturn S.R.L., a company whereby T.H.R. Marea Neagră S.A. owns 100% of the issued shares;
- Transilvania Leasing si Credit IFN SA , whereby SIF Transilvania is shareholder;
- Transilvania Hotels & Travel S.A., a company whereby T.H.R. Marea Neagră S.A. owns 32,059% of its social capital.

All the efforts of the Board of Directors and the Executive management have been oriented towards fulfilling the company's mission of providing quality services, with the help of qualified personnel. Also, the priority objective is the development of the technical-material base, the rehabilitation and modernization of the existing one, through a coherent



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

and consistent investment program, under the conditions of a real protection of the environment.

The Board of Directors and the Executive management followed the execution of the revenue and expenses budget and the approved investment and repair program.

**BALNEOTERAPIA SATURN SRL**, in the year 2020, was administrated by a sole administrator, in the person of Ms. Costina Zaberca.

At 15 February 2021, it was named as liquidator the insolvency company Dascalescu & CO, which from this moment became the legal representative of the company.

**8.1. For all persons presented in 8, specifying any disputes or administrative procedures in which, during the last 5 years, they were involved regarding their activity within the issuer, as well as those regarding the capacity of the respective person to perform their duties within the issuer.**

It is not the case.

## **9. Perspective elements concerning the activity of T.H.R.Marea Neagră S.A.**

One of the products with great potential for growth in the future is spa tourism. The units of the company are located in resorts with natural treatment factors. The company has identified this opportunity and obtained licenses to exploit these natural resources, extending the capacity of the treatment bases, so that it can cope with the demand for such services.

This segment of the spa tourism ensures the diminution of the effects of the seasonality of the tourist activity and helps to attract tourists.

Another development direction is leisure tourism, which is a priority for the company. A major concern of the company is the expansion of distribution channels.

The company is in a continuous search for new customers, and the strengthening of the market relations with the current customers.

## **10. CORPORATE GOVERNANCE of the company THR Marea Neagra SA**

The Board of Directors, starting with 11.08.2020, respectively the Supervisory Board and the Board of Directors until 11.08.2020, met regularly in the meeting, according to the provisions of Law 31/1990 republished and whenever it was needed, its attributions being provided in the Articles of Incorporation.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

One of the constant concerns of the members of the Board of Directors and the Executive manager starting with 11.08.2020, respectively the Supervisory Board and the Board of Directors until 11.08.2020, was the increase of sales through the development of the sales compartment, the identification of new customers and the loyalty of the traditional customers. Also, the policy of promoting tourism products was envisaged by launching special offers and customized offers for specific categories of tourists.

The company actively sought out potential customers, organized public tenders and conducted appropriate publicity for such transactions.

The company's disputes are systematically monitored by the Board of Directors and the Executive Manager after 11.08.2020 (by Cs and Directorate until 11.08.2020), so that each meeting of the Board had at least one item on the main litigations of the company. The options that the company has in these cases were analyzed and, where appropriate, law firms specialized in such litigation were hired.

The Board of Directors named in AGOA at 11.08.2020 created the audit commission composed by Raduta – Gib Tony – Cristian, Ms. Veres Diana and Mr. Mailat Dinu Serban;

The attributions of the Board of Directors are clearly established, being stipulated in the Articles of Incorporation of the company approved in AGEA at 11.08.2020 and in the mandate contracts concluded with the Company.

In the year 2020, within the company there was an internal control system, working procedures were established for the main activities. Internal control is ensured at all levels, within the company being organized an Office of internal financial control and management.

The internal audit activity was provided by Romar-CO Audit SRL, an audit that is directly subordinated to the Board of Directors.

The company adhered to a Corporate Governance Code, drawing up annually the Declaration of conformity provided by the CGC.

The financial and accounting reports of the company are sent to the tax authorities and market bodies, within the deadlines provided by law.

The company registers on the date of 31.12.2020 a registered capital amounting to 57,894,993.90 lei, subscribed and paid up share capital, representing a number of 578,949,939 registered, ordinary, dematerialized and indivisible shares with a nominal value of 0.1 lei / share. The company thus complies with the provisions of Article 10 of Law



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

31/1990 on commercial companies, regarding the minimum level of share capital for joint stock companies.

All the shares can be freely traded on the Bucharest Stock Exchange, without any limitation regarding the holding of securities, the need to obtain the approval of the issuer or other holders of securities.

During the year 2020, in AGEA at 05.10.2020 it is decided the reduction of the social capital though the annulment of the own shares, being realized the registration of the mentions at ONRC at the beginning of 2021, therefore, at 31.12.2020, the capital and the shareholders' structure, taken over from the BVB website is as follows:

Shareholders	Percentage (%)	Shares number	Capital value (lei)
SIF Transilvania S.A.	77,7131%	449.920.140	44.992.014,00
Others (legal and natural person)	22,2869%	129.029.799	12.902.979,90
<b>TOTAL</b>	<b>100,0000%</b>	<b>578.949.939</b>	<b>57.894.993,90</b>

The company has no schemes for granting shares to employees and there are no restrictions on voting rights. Also, it is not aware of agreements between shareholders that may result in restrictions on the transfer of securities and / or voting rights.

The appointment or replacement of the members of the management of the company, as well as the modification of the constitutive acts are done according to the legal provisions.

So far, the proposals of members in the Board of Directors have been made by the majority shareholder, the appointment being decided by the General Meeting of Shareholders.

The chairman of the Board of Directors is elected by a vote of the members of the Board of Directors.

Regarding the appointment of Directors, this is done by the Board of Directors.

The Conference of the General Meetings of the Shareholders are held as follows:

- check the list of presence of the shareholders, the share capital that each represents and the fulfillment of the legal requirements and the provisions of the Articles of Incorporation for holding the General Meeting;
- the items on the meeting agenda are presented and put to the vote;
- AGA decisions are taken by open vote, except for the appointment of the members of the Supervisory Board and the financial auditor for whom the secret vote is compulsory;
- the result of the votes shall be verified and recorded in the minutes of the meeting.



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Head Office: Romania, Mangalia, Lavrion Street, No. 29, Constanța County, Phone: +40-241-752-452

Facsimil: +40-241-755-559

Registration No. Trade Register Constanța: J13/696/1991, CIF: RO2980547,

IBAN Account: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Mangalia Agency

Subscribed and paid-in share capital : 57.600.848,70 lei

**Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)**

The shareholders have non-patrimonial rights (the right to attend the general meetings of the shareholders, the right to vote, the right to inform) and patrimonial rights (the right to dividends and the right to alienate the shares).

## **11. Conclusions and proposal for sharing the Mother-company's profit**

In the year 2020, the Mother-Company carried out its activity in accordance with the provisions of the Articles of Incorporation, of A.G.A. decisions, of the Income and Expenses Budget, in compliance with the legislation in force regarding the organization and reflection in accounting of the specific activity, as well as the regulations of the capital market.

**At the end of the year 2020, the Company registered a net profit of 4,579,520 lei, on which the Board of Directors proposes to be distributed as follows:**

• At the legal reserve according to art. 183 of the Law 31/1990 of the commercial company, republished	336,962.00 lei
• Distribution to other reserves	210,498.60 lei
• The distribution of dividends to shareholders (gross dividend/share = lei)	4,032,059.40 lei

**Administration Board,**  
Mr.Fratila Constantin

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.**

**CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER, 31 2020**

**Prepared in accordance with International Financial Reporting Standards as adopted by the EU**

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

For the financial year ended at 31 December	Note	Row	(RON)	(RON)
			2020	2019
<b>Continuing operations</b>				
<i>Income from accommodation</i>	3	1	11,861,320	30,471,444
<i>Income from catering</i>	3	2	5,973,277	14,399,840
<i>Rental income</i>	3	3	3,485,443	1,305,195
<i>Other income included in turnover</i>	3	4	1,781,005	2,850,995
<i>Income from disposals of tangibles and non-current assets held for sale</i>	4	5	18,327,776	7,514,816
<i>Income from operating subsidies</i>		6	90,603	0
<i>Other income</i>	3	7	727,517	2,836,809
<b>Total Operational Income</b>		<b>8</b>	<b>42,246,940</b>	<b>59,379,099</b>
<i>Expenses related to inventories</i>	6	9	4,945,167	8,945,901
<i>Utility expenses</i>	6	10	1,837,344	3,098,955
<i>Employee benefits expense</i>	5	11	11,979,821	17,502,661
<i>Depreciation and amortization expenses</i>	6	12	6,280,684	9,609,824
<i>Expenses related to disposed fixed assets and assets held for sale</i>	6	13	4,728,556	2,265,609
<i>Other taxes</i>	6	14	3,402,125	4,225,644
<i>Expenses related to external services</i>	6	15	3,710,663	6,751,655
<i>Other expenses</i>	6	16	(39,595)	311,728
<b>Total Operational expenses</b>		<b>17</b>	<b>36,844,764</b>	<b>52,711,977</b>
<b>The result of operational activities</b>		<b>18</b>	<b>5,402,176</b>	<b>6,667,121</b>
<i>Financial income</i>		19	875,094	819,939
<i>Financial expenses</i>		20	2,176	12,897



**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

For the financial year ended at 31 December	Note	Row	(RON)	(RON)
			2020	2019
<b>Net financial result</b>		<b>21</b>	<b>872,918</b>	<b>807,042</b>
<b>Result before taxation</b>		<b>22</b>	<b>6,275,094</b>	<b>7,474,163</b>
<i>Current income tax expense</i>		<i>23</i>	<i>1,781,755</i>	<i>922,731</i>
<i>Specific activity tax</i>		<i>24</i>	<i>252,008</i>	<i>462,548</i>
<i>Deferred income tax expenses</i>	<i>7</i>	<i>25</i>	<i>125,963</i>	<i>951,078</i>
<i>Deferred income tax income</i>		<i>26</i>	<i>0</i>	<i>62,935</i>
<b>Result for continuing operations</b>		<b>27</b>	<b>4,115,366</b>	<b>5,200,742</b>
<b>Other comprehensive income</b>				
<i>Increase/(decrease) of revaluation surplus</i>		<i>28</i>	<i>(3,605,845)</i>	<i>481,856</i>
<i>Tax related to other comprehensive income</i>	<i>7</i>	<i>29</i>	<i>(346,260)</i>	<i>253,563</i>
<b>Other comprehensive income after taxation</b>		<b>30</b>	<b>(3,952,106)</b>	<b>735,419</b>
<b>Total comprehensive income for the period</b>		<b>31</b>	<b>163,261</b>	<b>5,936,161</b>

Earnings per share (RON/share)	<b>0,0071</b>	<b>0.0090</b>
Diluted earnings per share (RON/share)	<b>0,0071</b>	<b>0.0090</b>

The consolidated financial statements were approved by the Board of Directors on March 17, 2021 and were signed by:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MADALINA COMSA

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF CONSOLIDATED FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

As at 31 December	Note	Row	(RON)	(RON)
			2020	2019
<b>Assets</b>				
<b>Non-current assets</b>				
<i>Tangible assets</i>				
<i>Freehold land and land improvements</i>	8	1	60,839,652	58,938,194
<i>Buildings</i>	8	2	104,648,181	100,007,273
<i>Plant and machinery, motor vehicles</i>	8	3	5,059,003	6,213,922
<i>Furniture, office equipment [...]</i>	8	4	5,407,540	6,488,114
<i>Advances and property, plant and equipment in progress</i>	8	5	8,805,088	8,145,513
<i>Intangible assets</i>		6		
<i>Concessions, patents , licenses, trademarks , similar rights and assets</i>		7	227,647	311,509
<i>Other intangible assets</i>	9	8	130,559	181,944
<i>Advances and intangible assets under construction</i>		9	13,286	0
<i>Assets related to the rights to use leased assets (IFRS16)</i>		10	259,470	0
<i>Fixed assets</i>		11	468,339	462,004
<i>Real estate investments</i>	8;10	12	25,513,673	29,274,302
<i>Financial assets</i>	11	13	0	0
<i>Deferred tax assets</i>	7	14	0	0
<b>Total fixed assets</b>		<b>15</b>	<b>211,372,437</b>	<b>210,022,775</b>
<b>Current Assets</b>				

<i>Inventories</i>	12	16	845,862	1.665.470
<i>Current tax receivables</i>		17	147,278	0
<i>Trade receivables</i>	13	18	501,177	567,318

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF CONSOLIDATED FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

<i>Other receivables</i>	13	19	3,551,692	2,932,574
<i>Expenses registered in advance</i>	14	20	77,425	467,790
<i>Cash and cash equivalents</i>	15	21	20,710,046	31,718,771
<b>As at 31 December</b>	<b>Note</b>	<b>Row</b>	<b>(RON)</b>	<b>(RON)</b>
			<b>2020</b>	<b>2019</b>
<i>Assets classified as held for sale</i>	<b>16</b>	<b>22</b>	24,858,415	29,359,724
<b>Total Current Assets</b>		<b>23</b>	<b>50,691,895</b>	<b>66,711,647</b>
<b>Total Assets</b>		<b>24</b>	<b>262,064,332</b>	<b>276,734,422</b>
<b>Equity</b>				
<i>Share capital</i>	17	25	57,894,994	57,894,994
<i>Capital adjustment following adoption of IAS 29 for the first time</i>	17	26	85,945,333	85,945,333
<i>Share premium</i>	18	27	1,895,855	1,895,855
<i>Reserves</i>	18	28	24,914,052	32,929,447
<i>Inflated reserves application of IAS 29 for the first time</i>	18	29	16,745,901	16,745,901
<i>Own shares and Losses related to the sale / cancellation of equity instruments</i>		30	(299,963)	(13,975)
<i>Differences from revaluation</i>	18	31	102,114,289	105,720,135
<i>Result for the period</i>	19	32	4,115,367	5,200,742
<i>Retained earnings except retained earnings from the adoption of IAS 29 for the first time</i>	19	33	60,866,479	57,651,954
<i>Retained earnings came following the application of IAS 29 for the first time</i>	19	34	(102,691,275)	(102,691,275)
<i>Other elements of equity</i>	20	35	(12,735,714)	(13,137,054)
<b>Total Equity</b>		<b>36</b>	<b>238,765,317</b>	<b>248,142,056</b>
<b>Liabilities</b>				
<b>Long-term liabilities</b>				
<i>Trade payables and other liabilities, including derivatives</i>	21	37	300,653	161,559

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF CONSOLIDATED FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

<i>Provisions</i>	22	38	707,852	641,672
<i>Deferred tax liabilities</i>	7	39	13,151,453	13,371,749
<b>Total Long-term liabilities</b>		<b>40</b>	<b>14,159,958</b>	<b>14,174,980</b>
<b>Current liabilities</b>				
<i>Short-term loans</i>	21	41	1,273,484	0
<i>Trade payables and other debts, including derivatives</i>	21	42	5,954,987	6,189,626
<i>Advances and guarantees received</i>	21	43	1,683,028	7,397,021
<i>Revenues recorded in advance</i>		44	(699)	0
<i>Provisions</i>	22	45	228,257	409,730
<b>Total Current liabilities</b>		<b>46</b>	<b>9,139,057</b>	<b>13,996,377</b>
<b>Total Liabilities</b>		<b>47</b>	<b>23,299,015</b>	<b>28,171,356</b>
<b>Total Equity and Liabilities</b>		<b>48</b>	<b>262,064,332</b>	<b>276,313,412</b>

The consolidated financial statements were approved by the Board of Directors on March 17, 2021 and were signed by the:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MADALINA COMSA

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**STATEMENT OF CONSOLIDATED CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

Explanation	Share capital	Share capital adjustments IAS 29	Share premium account	Revaluation surplus	Reserves	Reserve adjustments IAS 29	Own shares and Losses related to the sale / cancellation of equity instruments	Retained earnings except retained earnings from the adoption of IAS 29 for the first time	Retained earnings according IAS 29 first time adopted	Result for the period	Other elements of equity	Total equity
<b>Balance at January 1 2019</b>	<b>57,894,994</b>	<b>85,945,333</b>	<b>1,895,855</b>	<b>105,238,277</b>	<b>28,188,838</b>	<b>16,745,901</b>	<b>0</b>	<b>55,169,050</b>	<b>(102,691,275)</b>	<b>9,400,951</b>	<b>(13,056,602)</b>	<b>244,731,322</b>
Reductions in output (sales, scraping, restitution)	0	0	0	(2,905,168)	0	0	0	2,905,168	0	0	0	0
Loss/ Net profit for the year	0	0	0	0	4,348,567	0	0	(9,823,215)	0	5,200,742	565,153	291,246
Repurchase of own shares	0	0	0	0	0	0	(13,975)	0	0	0	0	(13,975)
Transfer to reserves	0	0	0	0	392,042	0	0	9,400,951	0	(9,400,951)	(645,605)	(253,562)
<b>Other elements of the overall result</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,387,024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,387,024</b>
Revaluation reserves	0	0	0	3,387,024	0	0	0	0	0	0	0	3,387,024
<b>Balance at 31 December 2019</b>	<b>57,894,994</b>	<b>85,945,333</b>	<b>1,895,855</b>	<b>105,720,133</b>	<b>32,929,447</b>	<b>16,745,901</b>	<b>(13,975)</b>	<b>57,651,954</b>	<b>(102,691,275)</b>	<b>5,200,742</b>	<b>(13,137,054)</b>	<b>248,142,056</b>
Reductions in output (sales, scraping, restitution)	0	0	0	(3,605,845)	0	0	0	3,605,845	0	0	0	0
Repurchase of own shares	0	0	0	0	0	0	(285,988)	0	0	0	0	(285,988)
From dividend distribution	0	0	0	0	(10,368,153)	0	0	0	0	0	0	(10,368,153)
Loss/ Net profit for the year	0	0	0	0	0	0	0	(391,321)	0	4,115,367	738,302	4,462,348
Transfer to reserves	0	0	0	0	2,352,758	0	0	0	0	(5,200,742)	(336,962)	(3,184,946)
<b>Balance at 31 December 2020</b>	<b>57,894,994</b>	<b>85,945,333</b>	<b>1,895,855</b>	<b>102,114,290</b>	<b>24,914,052</b>	<b>16,745,901</b>	<b>(299,963)</b>	<b>60,866,477</b>	<b>(102,691,275)</b>	<b>4,115,367</b>	<b>(12,735,714)</b>	<b>238,765,317</b>

The consolidated financial statements were approved by the Board of Directors on March 17, 2021 and were signed by the:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MADALINA COMSA

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.**  
**STATEMENT OF CONSOLIDATED CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
(All amounts are presented in RON)

Explanation	Row	2020	2019
+/- Profit or Loss	1	4,115,366	5,200,742
+ Depreciation included in cost	2	6,280,684	8,459,717
- Changes in inventories (+/-)	3	(4,481,787)	(6,935,207)
- Changes in receivables (+/-)	4	836,124	292,800
+ Variation of creditors and customers (+/-)	5	(4,944,928)	3,947,889
- Variation other asset items (+/-)	6	541,177	12,817,810
+ Variation in other liabilities (+/-)	7	(958,014)	2,703,603
<b>= Cash flow from operating activities (A)</b>	<b>8</b>	<b>7,597,594</b>	<b>14,136,548</b>
+ Reductions in fixed assets	9	3,298,909	8,942,631
- Increases in fixed assets	10	6,445,838	14,409,816
<b>= Cash flow from investing activities (B)</b>	<b>11</b>	<b>(3,146,929)</b>	<b>(5,467,185)</b>
+ Loans variation (+/-), as:			
+ short-term loans receivable	12	1,273,484	7,500,000
- refunds of short-term loans	13	0	7,500,000
+ medium and long term loans receivable	14	259,470	0
- refunds of medium and long term loans	15	29,443	0
- Dividends paid	16	12,959,390	4,909,495
<b>= Cash flow from financial activities (C)</b>	<b>17</b>	<b>(11,455,879)</b>	<b>(4,909,495)</b>
<b>+ Cash at beginning of the period</b>	<b>18</b>	<b>31,718,771</b>	<b>27,958,903</b>
<b>+ Net Cash Flow(A+B+C)</b>	<b>19</b>	<b>(11,008,725)</b>	<b>3,759,868</b>
<b>= Cash at the end of the period</b>	<b>20</b>	<b>20,710,046</b>	<b>31,718,771</b>

The consolidated financial statements were approved by the Board of Directors on March 17, 2021 and were signed by the:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MADALINA COMSA

## **NOTE 1 – REPORTING ENTITY**

These financial statements are consolidated financial statements, in accordance with IAS 27.4.

The group for which the present financial statements have been prepared consists of Tourism, Hotels, Restaurants Marea Neagră S.A. and its subsidiary Balneoterapia SRL ("the Group").

Tourism, Hotels, Restaurants Black Sea S.A. ("The Company") is a company established in 1991 that operates in Romania in accordance with the provisions of Law 31 / 1990 on companies and Law 24 / 2017 on the capital market.

The name of the Company is Tourism, Hotels, Restaurants Black Sea S.A. (abbreviated THR Black Sea S.A.). The company has the legal form of "joint stock company (SA)" and is an entity with unlimited life.

The Group is headquartered in Mangalia, Lavrion Street, no. 29, Zip code 905500

Contact details of the Group are:

Telephone: 0241752452

Fax: 0241755559

Website: [www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

e-mail: [thrmareaneagra@yahoo.com](mailto:thrmareaneagra@yahoo.com)

Unique registration code in the Trade Register: 2980547

Fiscal registration code: RO 2980547

Number of Registered business: J 13/696/1991

According to the statute, the main activity of the Group is CAEN code: 5510 Hotels and other similar accommodation facilities.

The Group operates in Romania, being present on other geographic markets.

**Regulated market** where the issued securities are traded: Bucharest Stock Exchange (market symbol: EFO).

**Subscribed and paid up share capital:** 57,894,993.9 RON divided in 578,949,939 shares. In reporting the years there have been no changes in the number of shares. Of the total shares issued and outstanding at 31.12.2020:

- THR holds a number of **2,941,452** redeemed shares;

The main characteristics of the securities issued by T.H.R. Marea Neagra S.A.: common, dematerialized, ordinary, indivisible and of equal value, issued at a nominal value of 0,10 RON / share.

## **NOTE 1 – REPORTING ENTITY (CONTINUED)**

The subsidiary is Balneoterapia SRL (“The Subsidiary”), headquartered in Mangalia, Lavrion Street, no. 29, Constanta County

The contact details of the Group are:

Telephone: 0241.752.452

Unique registration code in the Trade Register: 14271182

Number of Registered business: J 13/1910/2001

The Group’s shares are not traded on a regulated market. The shareholders evidence is held by the administrators using the register of shareholders

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in preparing these consolidated financial statements in accordance with IFRS as adopted by EU, are presented below. These policies have been consistently applied to all financial years presented, unless otherwise stated.

### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU.

These financial statements are consolidated financial statements of THR Marea Neagră SA and Balneoterapia Saturn SRL („Group”).

The accruals principle and the going concern principle have been applied when preparing these financial statements

The Group has prepared the annual financial statements for the year ended 31 December 2020 in accordance with International Financial Reporting Standards as adopted by European Union, applicable to companies whose securities are admitted to trading on a regulated market, according to the Order of the Minister of Finance no. 881/2012 regarding the application of International Financial Reporting Standards by companies whose securities are admitted to trading on a regulated market and the Order of the Minister of Finance no. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards applicable to companies whose securities are admitted to trading on a regulated market, including subsequent amendments and additions.

The accounts of the Parent Group are listed in RON, in accordance with IFRS as adopted by the European Union.

The financial statements have been authorized for issue by the Board of Directors on March 17, 2021.



## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In accordance with IAS 29 and IAS 21, the consolidated financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the current unit to the date of the financial statements, therefore non-monetary items should be restated using a general price index which was given at the date of acquisition or contribution. IAS 29 stipulates that an economy is considered hyperinflationary if, among other factors, the cumulative inflation exceeds 100% over a period of 3 years.

At 31.12.2015, the Parent Group proceeded to share capital restatement according to IAS 29, by reconstituting the evolution of capital and reserves of the foundation until 2003 (specifying the exact date and source) applying inflation indices.

### **Presentation of Financial Statements**

The consolidated financial statements are presented in accordance with IAS 1 "Presentation of Financial Statements". The Group has adopted a presentation based on assessing the nature and liquidity of assets in the statement of financial position and a statement of income and expenses according to their nature in the statement of comprehensive income, considering that these methods of presentation provides information that is more relevant than other methods that would have been permitted by IAS 1.

### **Basis of valuation**

The consolidated financial statements are prepared using the cost method, except land and buildings which are revalued at fair value. Fair value method is applied, except for assets or liabilities for which the fair value cannot be determined reliably.

Valuation of assets and liabilities was made as:

- **Inventories** are valued at the lower value between cost and net realizable value.
- **Tangible assets** are measured initially at:
  - i) The acquisition cost, for those acquired for consideration;
  - ii) The input value, for those received as a contribution in kind to the establishment of share capital or increase of share capital;
  - iii) at fair value at the acquisition date, for those received as free of charge.

For subsequent recognition, the Group has adopted the revaluation model.

- **Intangible assets** are initially measured at cost. After recognition intangible assets are accounted based on the cost model, at cost less any accumulated depreciation and any accumulated impairment losses.
- **Investment properties (buildings and land)** are determined at the fair value by an independent evaluator by :
  - i) determining replacement value;
  - ii) estimating accrued depreciation;
  - iii) determination of the remaining value of construction ;
  - iv) direct comparison method by reference to market prices in a similar and comparable in area.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- **Financial investments** are recognized at cost.
- **Non-current assets held for sale** are measured at the lower value of carrying amount and fair value less cost to sell.
- **Cash and cash equivalents** are presented in the balance sheet at cost.

**Use of estimates and judgments**

The preparation of financial statements in accordance with IFRS as adopted by the European Union involves the use of estimates, judgments and assumptions by management that affect the application of accounting policies as reported amounts of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience and other factors considered reasonable in the context of these estimates. The results of these estimates form the basis of judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results may differ from these estimates.

The estimates and underlying assumptions are reviewed periodically. Revisions of accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or in the period in which the estimate is revised and future periods if the revision affects both current period and future periods.

Changes in estimates, by their nature are not related to prior periods and are corrections of errors.

As an exception to the presentation of the effect of the change in estimate shown above, if such a change gives rise to changes in assets and liabilities or capital, the effect of this change will be presented through an adjustment of assets, liabilities or equity in the period in which the change has taken place.

Judgments made by management in applying IFRS that have a significant effect on the consolidated financial statements and estimates that involve a significant risk of a material misstatements in the next year are disclosed in Note 26.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.2 General aspects of applied accounting policies**

If a standard or an interpretation specifically applies to a transaction, other event or condition, accounting policies applied to that element, it is chosen by applying the standard or interpretation in question, considering any implementation guide issued by the IASB for the standard or interpretation in question.

The accounting policies are consistently applied to transactions, other events and similar conditions, except when a standard or an interpretation requires or permits the classification of categories, for which different policies may apply to the previous.

Changing an accounting policy is permitted only under the following conditions:

- This change is required by a standard or an interpretation;
- The change will provide reliable and relevant information about the effects of transactions, events and conditions.

Significant errors of previous periods found on the recognition, measurement, presentation or disclosure of elements of financial statements should be corrected retrospectively in the first set of financial statements that are authorized for issuance by:

- restating the comparative amounts for the period or prior periods in which the error occurred; or
- restating the opening balances of assets, liabilities and equity for the farthest period presented, if the error occurred before the farthest prior period presented.

### **2.4 Accounting policies specific to IFRS standards and interpretations**

Based on the provisions of each standard, the Group has developed accounting policies in accordance. If the Standards provide alternatives solutions or exceptions, have been established policies opted for.

The Company applies, starting with the financial year 2012, including in 2020, the following International Financial Reporting Standards with the implicit changes on the Company's accounting policies.

IAS 1	Presentation of financial statements	Fundamental Accounting Principles, structure and content of financial statements, mandatory posts and the concept of true and fair view, completed with amendments applicable from 1 January 2013.
IAS 2	Inventories	Defining of the accounting process applicable to inventories in the historical cost system: evaluation (first in - first out, weighted average cost and net realizable value) and the perimeter of allowed costs.
IAS 7	Statement of Cash Flows	Analysis of cash variations, classified into three categories: cash-flows from operating activities, cash-flows from investing activities, cash-flows from financing activities.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

IAS 8	Accounting policies, Changes in Accounting Estimates and Errors	Defining the classification, the information that need to be disclosed and accounting treatment of certain items in the income statement.
IAS 10	Events after the reporting period	Requirements for when events after the end of the reporting period should generate an adjustment to the financial statements: definitions, terms and conditions, particular cases (dividends).
IAS 12	Income Taxes	Definition of tax accounting processing on the period result and detailed stipulations on deferred taxes, supplemented by amendments applicable from 1 January 2013
IAS 16	Property, plant and equipment	Accounting treatments, net book value calculation and relevant principles regarding depreciation for most types of property, plant and equipment.
IAS 19	Employee benefits	Accounting principles regarding employee benefits: short and long term benefits, post-employment benefits, advantages on equity and allowances on termination of employment.
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	Accounting principles for direct or indirect public aid (clear identification, concept of fair value, restraining subsidized connection etc.).
IAS 21	The Effects of changes in Foreign Exchange Rates	Accounting treatments of abroad activities, foreign currency transactions and restarting financial statements of a foreign entity.
IAS 23	Borrowing Costs	The definition of borrowing costs and accounting treatments: the notion of qualifying asset, how to incorporate borrowing costs in the amount of qualified assets.
IAS 24	Related Party Disclosures	Details of related party relationships and transactions (legal and natural persons) who exercises control or significant influence over one of the group's companies or the management.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

IAS 26	Accounting and Reporting by Retirement Benefit Plans	Principles and information on the retirement schemes (funds), distinguishing defined contribution schemes and defined-benefit.
IAS 27	Consolidate and Separate Financial Statements	Principles concerning the presentation of separate financial statements, defining the obligation of consolidation and control, the convergence of accounting rules within the group, other principles.
IAS 29	Financial Reporting in Hyperinflationary Economies	Reconstitution of capital and reserves evolution.
IAS 31	Interests in Joint Ventures	Accounting principles and policies to joint venture operations performed, assets or holdings in a joint venture.
IAS 32	Financial Instruments: Presentation	Rules of presentation (classification of debt equity, expenses or income/equity).
IAS 33	Earnings per Share	Principles of determination and representation of earnings per share.
IAS 36	Impairment of Assets	Key definitions (recoverable amount, fair value less costs of disposal, value in use, cash-generating units), the frequency of impairment tests, accounting for the impairments, and for goodwill impairment
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Defining provisions and approach of estimating provisions, individual cases examined (including the problem of restructuring).
IAS 38	Intangible Assets	Definition and accounting treatments for intangible assets, recognition and measurement policies on the processing costs for research and development etc.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

IAS 40	Investment Property	Establishing the evaluation method: fair value model or cost model, transfers between different categories of assets etc.
IFRS 1	First-time Adoption of International Financial Reporting Standards	The procedures for financial statements according to IAS / IFRS optional exemptions and mandatory exceptions to retrospective application of IAS / IFRS, supplemented by amendments applicable from 1 January 2013.
IFRS 5	Non-current Assets Held for Sale and Discontinued Operation	Defining an asset held for sale and discontinued operations, and the evaluation of these elements.
IFRS 7	Financial Information: Disclosures	Financial information related to financial instruments are referring primarily to: (i) information about the significance of financial instruments; and (ii) information about the nature and extent of risks arising from financial instruments, supplemented by amendments applicable from 1 January 2013.
IFRS 9	Financial Instruments	The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase. The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted
IFRS 10	Consolidated Financial Statements	Establishing principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11	Joint Arrangements	Establishing principles for financial reporting for entities that hold interests in jointly controlled commitments.
IFRS 12	Disclosure of Interests in Other Entities	Requires an entity to disclose information that will enable users of its financial statements to evaluate: the nature and risks associated with interests held in other entities; and the effects of those interests on the financial position, financial performance and its cash flows.
IFRS 13	Fair value measurement	The definition of fair value, establishing, in a single IFRS, a framework for measuring fair value, requiring the presentation of information on fair value.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

IFRS 15 Revenue from Contracts with Customers

IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after 1 January 2018.

IFRS 16 Leasing contracts

Its objective is to standardize the way in which financial and operational leasing contracts are recognized in order to improve comparability in the financial statements of entities using different types of contracts.

**2.3.1 Foreign currency translation**

**Presentation currency and functional currency**

The financial statements are presented in RON, rounded to the nearest RON, which is the reference currency, RON is both functional currency and presentation currency.

**Transactions and balances**

Transactions in foreign currency are recorded in RON at the official exchange rate at the date of settlement of transactions, Monetary assets and liabilities in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate at the day,

The exchange rates of major foreign currencies were:

	<b>31 decembrie 2020</b>	<b>31 decembrie 2019</b>
EUR	4.8694	4.7793
USD	3.9660	4.2608

Operations in foreign currencies are recorded in accounting in both currencies, foreign exchange and RON. Apply these accounting policies:

- conversion transactions in a foreign currency to the functional currency (RON) is performed based on the exchange rate in effect at the time the transactions occur;
- cash and cash equivalents, receivables and liabilities recorded in a currency other than RON existing liabilities at the end of a financial year, are valued at the exchange rate announced by the central bank for the last banking day of the year.

Gains and losses resulting from the settlement of transactions in a foreign currency and the conversion of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in financial result.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The conversion differences related to non-cash items such as equity securities, are reported as:

- As part of the gain or loss from the adjustment to fair value if the shares held for trading;
- Included in equity in value reserve at fair value in case of units held for sale.

### **2.3.3 Property, plant and equipment**

#### **Measurement at recognition**

An item of property, plant and equipment that qualifies for recognition as an asset, is measured at cost.

Tangible assets are initially measured at cost (those acquired for consideration), or at the input value (those received as a contribution in kind to the establishment of share capital or increase of share capital), respectively at fair value at acquisition date (those received as free of charge).

#### **Evaluation after recognition**

For subsequent recognition, the revaluation model was adopted at the company level, the value of the revalued asset being its fair value at the date of revaluation minus any subsequent accumulated depreciation and any accumulated impairment losses.

Revaluations must be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined using fair value at the balance sheet date. Reassessments are performed by independent evaluators certified by ANEVAR.

The revalued amount (in addition) replaces the acquisition cost.

Additional revaluation differences are reflected in accounting for other comprehensive income and accumulated in equity as a revaluation surplus (unless the increase offsets a decrease in the previous revaluation of the same asset previously recognized in profit or loss, in which the increase is recognized directly in profit or loss).

Impairment differences from revaluation are recognized in profit or loss (unless the decrease offsets a previous revaluation increase, accumulated in equity as a revaluation surplus, in which case the reduction is recognized in other comprehensive income, less the revaluation surplus. revaluation).

The revaluation surplus included in equity related to an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. This involves the transfer of the entire surplus when the asset is withdrawn or disposed of. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

The amounts paid or payable, generated by the daily repairs and maintenance of the tangible assets held, are recorded in the company's expenses, according to the accrual accounting, appropriately influencing the profit and loss account for the period.

The amounts paid or payable, generated by the operations that lead to the increase of the value and / or the life, by the modernization of the tangible fixed assets held, respectively those operations that lead to a significant improvement of the technical parameters, to an increase of the potential to generate some benefits. economic by them, are capitalized (increase accordingly the book value of the respective asset).



**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Depreciation**

Depreciation charge for each period are recognized in profit or loss unless they are included in the carrying amount of another asset.

Depreciation is calculated at book value (acquisition cost or revalued amount), less the residual value, using the straight-line method, over the estimated useful life of the assets. The depreciation is charged monthly to the statement of other comprehensive income. Depreciation of an asset begins when it is available for use, when it is in the location and condition necessary for it to function in the manner intended by management. Depreciation of an asset ceases at the earlier of the date the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with IFRS 5 and the date when the asset is derecognized. Therefore, depreciation does not cease when the asset is used or is retired from active use unless the asset is fully depreciated.

When registering revaluations, accumulated depreciation is eliminated.

The residual value and useful life of an asset shall be reviewed at least at each financial year-end. If expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Land is not depreciated.

Depreciation of other tangible assets is calculated using the straight-line method, allocating costs related to the residual value according to the corresponding life

	<b>Years</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
Buildings	50	50
Other equipment, furniture and other changes	as far as 12	as far as 12
Vehicles	as far as 14	as far as 14

**Impairment of tangible assets**

An asset is impaired when its carrying amount exceeds its recoverable amount.

At each reporting date, the entity should check if there are indicators of impairment of assets. If such indicators are identified, the entity shall estimate the recoverable amount of the asset.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

If the carrying amount of an asset is decreased as a result of a revaluation, the decrease is recognized in the profit or loss. However, the reduction is recognized in other comprehensive income to the extent that the revaluation surplus shows a credit balance for the asset. Reduction recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

### **Derecognition**

The carrying amount of a fixed asset shall be derecognized:

- (a) when disposed, or
- (b) When no future economic benefits are expected from its use or disposal.

The gain or loss arising from the derecognition of a fixed asset shall be included in profit or loss when the item is derecognized.

Gains shall not be classified as revenue.

### **2.3.3 Intangible assets**

#### **Recognition and measurement**

In recognition of an asset as an intangible asset the entity must demonstrate that the item meets the following:

The definition of an intangible asset. An intangible asset is separable, capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; and arises from contractual rights or other legal rights, whether those rights are transferable or separable from the entity or from other rights and obligations.

Recognition criteria:

- it is probable that the expected future economic benefits attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

An intangible asset shall be measured initially at cost. The cost of a separately acquired intangible asset comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and
- any directly attributable cost of preparing the asset for its intended use.

For intangible assets acquired free of charge or for symbolic consideration through a government grant, the entity recognizes the asset initially at nominal value plus any costs directly attributable to preparing the asset for its intended use.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Intangible assets according to generally accepted regulations cannot be acquired through exchange of assets, which are treated as separate deliveries.

### **Recognition of expenses**

Expenditure on an intangible item shall be recognized as an expense when it is incurred unless they are part of the cost of an intangible asset that meets the recognition criteria. Expenditure on an intangible item that was initially recognized as an expense shall not be recognized as part of the cost of an intangible asset at a later date.

### **Evaluation after recognition**

After recognition, an intangible asset is accounted for under the cost model, namely at its cost less any accumulated depreciation and any accumulated impairments.

### **Amortization**

Computer software is amortized over a period between 1 year and 5 years, and licenses for the period of validity, using the straight-line depreciation method.

#### **2.3.4 Cash and cash equivalents**

Cash and cash equivalents are presented in the statement of financial position at cost. For the purpose of statement of cash-flows, cash and cash equivalents include petty cash, bank accounts, including deposits with a maturity of three months or less, cash in transit, other short-term financial investments with high liquidity with a maturity of three months or less and overdraft facilities.

#### **2.3.5 Trade receivables**

Trade receivables are categorized as financial assets.

A financial asset is recognized in the statement of financial position when, and only when the Group becomes part of the certain contractual terms of the instrument.

Trade receivables are carried at original invoice amount less allowance (impairment test) recognized for doubtful receivables. The amount of the trade receivables allowance is calculated as difference between the carrying amount and the recoverable amount.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3.6 Financial assets and liabilities**

#### **Classification**

The Group classifies financial instruments held in the following categories:

#### *Financial assets and liabilities measured at fair value through profit and loss*

This category includes financial assets or financial liabilities held for trading and financial instruments classified at fair value through profit or loss at initial recognition. A financial asset or liability is classified in this category if it was mainly purchased for speculative purposes or if it has been designated in this category by management.

#### *Investments held-to-maturity*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that an entity intends and is able to hold to maturity and that do not meet the definition of loans and receivables and are not designated on initial recognition as assets at fair value through profit or loss or as held for sale. Held-to-maturity investments are measured at amortized cost.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than held for trading or designated on initial recognition as assets at fair value through profit or loss or as held for sale.

#### *Financial assets held for sale*

Financial assets held for sale are any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Financial assets held for sale are measured at fair value in the statement of financial position. Changes in the fair value of financial asset, other than gains or losses from exchange rate variations, are recognized in equity. When the asset is derecognized, the gain or loss is transferred to profit or loss.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Recognition**

Financial assets and liabilities are recognized at the settlement date, respectively at the date on which the financial instruments are sold or purchased. Financial assets and liabilities are initially measured at fair value, plus directly attributable transaction costs, except for investments in shares which fair value could not be determined reliably and which are initially recognized at cost.

### **Amortized cost measurement**

Amortized cost of a financial asset or financial liability is the amount at which the financial asset or liability is measured at initial recognition minus principal payments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount and minus any write down for impairment or uncollectability.

### **Fair value measurement**

Fair value is the amount at which an asset can be traded or a debt settled, between interested and informed parties, in a transaction carried out under objective conditions at the date of valuation. According to IFRS 13, the fair value measurement of assets of the nature of fixed assets meant taking into account the characteristics of the assets that the market participants would take into account when determining the price of the asset at the valuation date. The establishment of the fair value was carried out by an independent external evaluator and is assimilated to the level 2 provided by IFRS 13 for the data taken into account when establishing the fair values on December 31, 2018, the financial reporting date. At the Company level it was not the case to change the level provided by IFRS 13 for the data taken into account when establishing the fair values. Also, the maximum use value for assets valued at fair value does not differ from the current value of use.

Fair value measurement assumes a transaction taking place in the active market for the asset or liability. A financial instrument is traded on an active market, if quoted price are available quickly and regularly for that certain financial instrument. Financial assets available for sale for which there is not an active market and for which it is not possible to determine a fair value, are measured at cost and annually tested for impairments.

For all other financial instruments, fair value is determined using valuation techniques. Valuation techniques include techniques based on the net present value, discounted cash flow method, the method of comparison to similar instruments for which there is an observable market price and other evaluation methods.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Identification and measurement of impairment**

#### *Financial assets measured at amortized cost*

An entity is required to assess at each balance sheet date whether there are any indicators of impairment. A financial asset or group of assets is impaired, only if there are indicators of impairments as a result of one or more events that occurred after the initial recognition of the asset (“loss generating event”), and these events have an impact of the future cash-flows generated from the asset or from the group of assets, which can be measured reliably.

If any such impairment indicators exist, the entity is required to perform a detailed impairment calculation to determine whether any impairments should be recognized or not. The impairment should be amounted to the difference between the asset's carrying amount and the net present value of estimated discounted cash flows using the initial effective interest rate.

If a financial asset measured at amortized cost has a variable interest rate, the discount rate for measuring any loss of damping is current variable interest rate, specified in the contract. The carrying amount of the asset is diminished by the use of an allowance account. Impairment losses are recognized in profit or loss.

In the subsequent period of an event occurring after the recognition of impairments will generate a decrease of the impairments previously recognized. The impairment loss is reversed either directly or by adjusting an allowance account. Reduction of the impairment loss is recognized in profit or loss.

#### *Available-for-sale financial assets*

The Group assesses at each balance sheet date whether there are indicators of impairment of the financial asset or group of financial. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the share below its cost is considered to determine whether the assets are impaired or not.

If such indicators of impairment exist for the available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and is recognized in profit or loss. Impairment losses recognized in the income statement and within equity instruments are not reversed through profit or loss. If, in a subsequent period, the amount fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Given the intrinsic limitations of the applied methodologies and significant uncertainty of the valuation of assets in international markets and local, the Group's estimates may be revised significantly after the date when the financial statements are authorized for issue.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Derecognition**

The Group derecognizes a financial asset when the rights to receive cash flows from the financial asset expire or when the Group has transferred its rights to receive the contractual cash flows attributable to the financial asset in a transaction in which it has substantially transferred all the risks and rewards of ownership.

Any interest in transferred financial assets retained by the Group or created for the Group is recognized as a separate financial asset or liability.

The Group derecognizes a financial liability when its contractual obligations have been completed or when its contractual obligations are canceled or expires.

### **2.3.7 Employee Benefits**

The Group makes payments to pension funds, health funds, unemployment funds, allowances and vacations for all staff. All employees of the Group are members of the state pension plan. These expenses are recognized in profit or loss for the period covered.

The Group does not operate any other pension plan or retirement benefits so it has no other obligations in respect of pensions.

### **2.3.8 Income tax**

#### **Recognition of current tax assets and liabilities**

The current tax liability for the reporting period and prior periods is recognized to the extent that it is not paid.

If the amounts paid in current period and in prior periods exceeds the amount due for those periods, the excess is recognized as current tax asset.

Benefits relating to a tax loss that can be transferred in order to recover income tax of a previous period is recognized as current tax asset.

Liabilities (or assets) for the current period income tax and prior periods are measured at the amount expected to be paid (recovered) to (by) the tax authorities, using the tax rates (and legislation) applicable at the balance sheet date.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Recognition of deferred tax assets and liabilities**

Tax is calculated, by using the balance sheet method, based on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws), that have been enacted or substantially adopted at the balance sheet date and are expected to apply when the related deferred income tax is realized or the deferred income tax is settled.

The main temporary differences arise from the following operations:

- Application of tax incentives, consisting of additional deduction of 20% of the book value of assets, when the assets are available for use
- Application of accounting treatments different from the fiscal treatment regarding the recognition of investment properties
- The existence of settlement periods greater than one year
- Application of accounting treatments different from the fiscal treatment regarding the recognition of revaluation surplus

Deferred tax arising from the fair value of non-current assets held for sale, which are directly credited or debited in equity will be subsequently recognized in profit or loss together with the deferred gain or loss.

Deferred tax assets are recognized to the extent that there is likelihood of future taxable profit of which can be recovered temporary difference.

A deferred tax asset must be recognized for all deductible temporary differences to the extent that it is probable taxable profit will be available against which the deductible temporary difference can be used, except the case when the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- iii) is not a business combination;
- iv) at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

A deferred tax asset for the carried forward losses and unused tax credits will be recognized by the Group to the extent that it is probable to exist future taxable profits against which the losses and unused tax credits can be used.

### **2.3.9 Specific activity tax**

Starting from January 1st 2017, THR Marea Neagra applied the provisions according to Law 170/ 2016 on the specific activities tax taking in consideration the principal activity corresponding to CAEN 5510 - " Hotels and other accommodation facilities",



## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **2.3.10 Provisions**

Provisions are liabilities of uncertain timing or amount.

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

If the Group expects a partial or full reimbursement of the expenditure required to settle a provision (e.i. insurance contracts) it shall:

- a) recognize a reimbursement only if it is certain that it will take place if the Group will fulfill its obligations and the amount recognized for a reimbursement will not exceed the provision;
- b) recognize the amount refunded as a separate asset. In statement of comprehensive income, expenditure related to a provision may be presented after the recognized amount of repayment was decreased.

Provisions shall be reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If an outflow of resources embodying economic benefits is not probable, the provision must be reversed.

No provision is recognized for costs that are incurred for this activity in the future.

Group records provisions for onerous contracts in situations where the expected benefits to be derived from a contract are lower than the unavoidable costs associated with contractual obligations.

Provisions are recognized when the Group has a legal or constructive obligation arising from past events, when it is necessary to settle the obligation that an outflow of resources embodying economic benefits and when the amount of the obligation can be measured reliably.

### **2.3.11 Recognition of income**

Revenues of the Group are accounted for by their nature (operational, financial).

Revenue should be measured at the fair value of the consideration received or receivable. In the case of a financial transaction, the fair value is determined by discounting all future receipts, using a default interest rate, the difference from the book value being interest income. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, the income should be recognized only to the extent of the expenses recognized that are recoverable.

The amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits for the entity and do not result in increases in equity. Therefore, they are excluded from income. Similarly, in the case of a Management Agreement, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenues, instead revenues are represented by commissions.

## **NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenues from rendered services are accounted as the services are rendered. The provided services include the execution of works and any other operations that cannot be considered as delivery of goods. The stage of completion of the work is determined based on the situation of works that acGroup the invoices, records receptions or other evidence regarding the stage of completion and services reception. For recognition is required to exist the probability that the economic benefits associated with the transaction will flow to the Group, the final stage of the transaction at the end of the period and the costs incurred for the transaction and those for completion of the transaction can be measured reliably.

Interest incomes are recognized using the effective interest method proportional to the relevant period of time, based on the principal and the effective rate over the period to maturity or shorter period if it binds transaction costs, it is established that the Group will obtain such income. When unpaid interest has accrued before the acquisition of an interest-bearing investment, the subsequent receipt of interest is allocated between pre-acquisition and post-acquisition; only the post-acquisition portion is recognized as revenue.

Income from financial assets, respectively dividends receivable from entities in which the Group holds equity, are recognized in the financial statements of the Group in the financial year when they are approved by the General Meeting of each entity.

The nominal value of shares that are received free of charge is also recorded as income from financial assets, as a result of direct incorporation of the profit for the last period in the equity of an entity in which shares are held.

Shares received free of charge after the issuer's share capital increases, increases made by incorporating the current year profit are accounted for as dividend income to the nominal value (cost), which were later recognized at fair value.

Income derived from the sale / disposal of investments held are recognized at the time when their ownership is transferred from the seller to the buyer, using settlement date accounting.

Revenues from sales of shares are recognized on a gross basis (transaction amount), and those resulting from transactions with short-term financial investments are recognized on a net basis (difference between the sales and cost).

### **2.3.12 Dividend Payment**

The Group recorded obligation to pay dividends in the year in which the dividend distribution of profit is approved by the General Meeting of Shareholders.

### **2.3.13 Activity segments**

The Group's management reviews the Group's overall activity (using statutory information). Information regarding business segments has not been obtained.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3.14 New international standards not applied by the Group**

The Group does not apply some IFRS or new stipulations regarding IFRS issued, but not in effect at the date of the financial statements. The Group cannot estimate the impact of applying this stipulations and intends to apply them when they come into force. Among the issued, but not adopted standards, the Group will not face the situation to prospectively apply neither of them.

These are:

- IFRS 17 “Insurance contracts”, issued on May 18, 2017, with effect from January 1, 2023.
- Amendments to IFRS 4 "Insurance contracts" published on June 25, 2020 with effect from January 1, 2021.
- Amendments to IFRS 9, IAS 39, IFRS 4 and IFRS 16 " Reform of the interest rate benchmark", published on August 27, 2020, with effect from January 1, 2021. "

### NOTE 3 – REVENUE FROM OPERATING ACTIVITY

The main object of activity of the Company is the provision of tourist accommodation, public catering and leisure service.

In 2020, the Company recorded the following operating income:

Indicator	Financial year ended at 31 December 2020	Financial year ended at 31 December 2019	RON
			Index 2020/2019 (%)
<b>Turnover, including</b>	<b>23,101,045</b>	<b>49,027,474</b>	<b>47,12%</b>
<i>Income from accommodation</i>	<i>11,861,320</i>	<i>30,471,444</i>	<i>38,93%</i>
<i>Income from catering</i>	<i>5,973,277</i>	<i>14,399,840</i>	<i>41,48%</i>
<i>Rental income</i>	<i>3,485,443</i>	<i>1,305,195</i>	<i>267,04%</i>
<i>Other income included in turnover</i>	<i>1,781,005</i>	<i>2,850,995</i>	<i>62,47%</i>
<b>Income from fixed assets sold and assets held for sale</b>	<b>18,327,776</b>	<b>7,514,816</b>	<b>243,89%</b>
<b>Income from operating subsidies</b>	<b>90,603</b>	<b>0</b>	<b>-</b>
<b>Other income</b>	<b>727,517</b>	<b>2,836,809</b>	<b>25,65%</b>
<b>Total operational income</b>	<b>42,246,940</b>	<b>59,379,099</b>	<b>71,15%</b>

### NOTE 4 - INCOME FROM DISPOSAL OF FIXED ASSETS AND NON-CURRENT ASSETS HELD FOR SALE

Explanation	Financial year ended at 31 December 2020	Financial year ended at 31 December 2019	RON
Income from disposed fixed assets	275,954	168,090	
Income from non-current assets held for sale	18,051,822	7,346,726	
<b>Income from disposal of fixed assets and assets held for sale</b>	<b>18,327,776</b>	<b>7,514,816</b>	

**NOTE 4 - INCOME FROM DISPOSAL OF FIXED ASSETS AND NON-CURRENT ASSETS HELD FOR SALE (CONTINUED)**

Income from disposed assets and assets held for sale in 2020 is due to the sale of the following assets:

a) Income from assets held for sale:

- Complex Atena (building and related land)
- Restaurant Dunarea (building and related land)
- Gloria Hotel (building)

b) Income from disposed assets:

- Honda car, Fiat Ducato 3 pieces, Tractor + trailer
- Bufet Luna Park Saturn - land

**NOTE 5 - EMPLOYEE BENEFITS EXPENSES. INFORMATION REGARDING EMPLOYEES AND MEMBERS OF THE ADMINISTRATION BOARD AND MANAGEMENT**

Expenditures on employee benefits broken down by gross salaries and social contributions were:

RON		
Explanation	Financial year ended at 31 December 2020	Financial year ended at 31 December 2019
<b>Total salary expenses, of which:</b>	<b>10,970,765</b>	<b>16,063,441</b>
<i>Expenditures on the salaries of the members of the Board of Directors / Supervisory Board and the Directors</i>	<i>1,410,664</i>	<i>1,273,630</i>
<i>Expenses with the salaries of employees with individual employment contract (CIM)</i>	<i>9,560,101</i>	<i>14,789,811</i>
<b>Expenses with social contributions</b>	<b>464,968</b>	<b>620,507</b>
<b>Expenses with insurance contribution for work</b>	<b>245,225</b>	<b>361,673</b>
<b>Expenses with meal vouchers</b>	<b>298,862</b>	<b>457,041</b>
<b>Total</b>	<b>11,979,821</b>	<b>17,502,661</b>

The company has no contractual obligations regarding the payment of pensions to former members of the Board of Directors / Supervisory Board and therefore has no accrued commitments of this nature.

The company has not granted and does not grant credits or advances (except for advances of a salary nature and / or to cover delegation expenses) to members.

**NOTE 5 - EMPLOYEE BENEFITS EXPENSES. INFORMATION REGARDING EMPLOYEES AND MEMBERS OF THE ADMINISTRATION BOARD AND MANAGEMENT (CONTINUED)**

Board of Directors / Supervisory Board and executive directors. The accounting has no accrued liabilities of this nature at the end of 2020. During the financial year 2021, the Parent Company switched from the dual management system to the unitary one.

Compared to 2019, in 2020 there is a reduction in the average number of staff on the whole and in the structure on the seasonal segment, due to the restriction of activity due to the Pandemic with COVID-19.

<b>No.</b>	<b>Indicator</b>	<b>No. at 31.12.2020</b>	<b>Average number 2020</b>	<b>Average number 2019</b>
<b>A</b>	<b>Permanent staff, showing separately:</b>	<b>93</b>	<b>94</b>	<b>101</b>
	a) TESA staff	36	33	35
	b) Operative staff	57	61	66
<b>B</b>	<b>Seasonal staff</b>	<b>37</b>	<b>153</b>	<b>259</b>
	<b>Total staff</b>	<b>130</b>	<b>247</b>	<b>360</b>

The Group has not undertaken obligations for pension plans other than the one stated by Law no, 263/2010 on the unitary system of public pensions, with the subsequent updates.

**NOTE 6 - OPERATIONAL EXPENSES (EXCEPT EMPLOYEE BENEFITS)**

		RON	
No.	Operational Expenses	Financial year ended as at 31 December 2020	Financial year ended as at 31 December 2019
<b>1</b>	<b>Expenses related to inventories, of which:</b>	<b>4,945,167</b>	<b>8,945,900</b>
1.1.	<i>expenditure on raw materials and consumables</i>	2,057,729	2,735,871
1.2.	<i>expenses regarding the wear of inventory objects, packaging</i>	892,307	1,673,382
1.3.	<i>merchandise expenses</i>	1,995,131	4,536,647
<b>2</b>	<b>Utility expenses</b>	<b>1,837,344</b>	<b>3,098,955</b>
<b>3</b>	<b>Depreciation and amortization expenses</b>	<b>5,904,307</b>	<b>9,609,824</b>
<b>4</b>	<b>Expenses with assigned assets and assets held for sale</b>	<b>4,728,556</b>	<b>2,265,609</b>
<b>5</b>	<b>Expenses with other taxes, fees and assimilated payments</b>	<b>3,400,844</b>	<b>4,225,644</b>
<b>6</b>	<b>Expenses with external benefits</b>	<b>3,702,694</b>	<b>6,751,655</b>
<b>7</b>	<b>Other total expenditure, of which:</b>	<b>(39,595)</b>	<b>311,728</b>
7.1.	<i>Expenses with compensations, fines and penalties</i>	37,954	43,805
7.2.	<i>Sponsorship expenses</i>	2,500	0
7.3.	<i>Other expenses</i>	7,333	48,436
7.4.	<i>Provision expenses and adjustments for impairment of assets</i>	355,996	331,416
7.5.	<i>Revenue from cancellation of provisions</i>	(279,236)	(102,387)
7.6.	<i>Income from adjustments for impairment of current assets</i>	(164,141)	(9,542)
	<b>Total operating expenses (less employee benefits)</b>	<b>24,864,943</b>	<b>35,209,316</b>

**NOTE 7 – SPECIFIC ACTIVITY TAX, CURRENT TAX AND DEFERRED TAX, EARNINGS PER SHARE (CONTINUED)**

Starting with January 1, 2017, including in 2020, the Parent Company applies the provisions of L170 / 2016 regarding the specific tax to some activities with the CANE codomain 5510, "Hotels and other similar accommodation facilities".

The Parent Company carries out its activities subject to the specific tax (CAEN code 5510, 5610 and 5630) through a number of 4,860 accommodation places.

According to the provisions of art. 5 paragraph 2 of the Methodological Norms for the application of Law no. 170/2016, the Company calculated the specific tax related to the period of the calendar year for which it carries out activity, the period being the one from the opening of the unit until the last day of validity of the operating permit for the units in the district of Mangalia town hall, and for those within the Eforie town hall, as no operating permits are issued for the hotel units, the entire period of the year was taken into account. Considering the Pandemic with COVID-19, the company benefited in 2020 from fiscal facilities (GEO 48, GEO 99 and GEO 181/2020), in the sense of non-taxation during the emergency / alert periods: March 16 - May 14, 2020 (60 days), June 26 - September 23, 2020 (90 days) and October 26 - December 31, 2020 (67 days).

According to the provisions of art.10 of Law 170/2016 on the specific tax of certain activities, considering that the Company generates revenues from other activities besides those corresponding to the CANE codes subject to specific tax, applies for these activities, the system of declaration and payment of tax on profit provided by Law no. 227/2015 with subsequent amendments and completions.

In the current context generated by the COVID-19 crisis, in order to help the business environment and to stimulate revenues to the state budget, the tax authorities have also adopted

fiscal measure granting a bonus of 10% for the payment of income tax until the due date for the 1st quarter according to GEO 33/2020 and for the 2nd and 3rd quarters according to GEO 99/2020, for small and medium taxpayers, category in which it falls THR Black Sea SA .

**We present below, the gross accounting profit / loss broken down by the two activities and by the two affiliated parties:**

<b>Indicators</b>	<b>THR (activities subject to profit tax) (RON)</b>	<b>THR (activities subject to specific tax) (RON)</b>	<b><i>Balneoterapia (RON)</i></b>	<b>TOTAL GRUP (RON)</b>
Total income	25,103,087	18,463,063	(740)	43,565,410
Total expenses	13,909,775	22,917,126	463,415	37,290,316
<b>GROSS PROFIT</b>	<b>11,193,312</b>	<b>(4,454,063)</b>	<b>(464,155)</b>	<b>6,275,094</b>

In order to establish the common expenses that were taken into account in determining the tax result, the company used the method of apportionment proportional to the share of revenues obtained from the activities concerned in total revenues.



**NOTE 7 - CURRENT TAX AND DEFERRED TAX. EARNINGS PER SHARE (CONTINUED)**

**Earnings per share**

Earnings per share is calculated by dividing the net profit attributable to shareholders of the Group for the financial year 2020 amounted to **4,115,366 RON** on weighted average number of ordinary shares in circulation to **578,949,939** adjusted with self-owned shares value. Diluted earnings per share is determined by adjusting net profit attributable to ordinary shareholders and the weighted average number of shares outstanding, adjusted with self-owned shares value, dilution effects of all potential ordinary shares.

**Profit attributable to ordinary shareholders**

	RON	
	2020	2019
Profit (loss) for the period	4,115,366	5,200,742
Profit (loss) for the period attributable to ordinary shareholders	4,115,366	5,200,742
<b>Weighted average number of ordinary shares</b>	<b>578,949,939</b>	<b>578,949,939</b>
Ordinary shares issued at 1 January	0	0
Effect of self -owned shares held	0	0
Weighted average number of ordinary shares at 31 December	578,949,939	578,949,939
<b>Earnings per share (basic)</b>	<b>0,0071</b>	<b>0.0090</b>
Profit attributable to ordinary shareholders (basic)	4,115,366	5,200,742
Convertible bonds interest expenses after tax	0	0
Profit attributable to ordinary shareholders (diluted)	4,115,366	5,200,742
<b>Weighted average number of ordinary shares (diluted)</b>	<b>578,949,939</b>	<b>578,949,939</b>
Weighted average number of ordinary shares (basic)	578,949,939	578,949,939
Effect of conversion of convertible bonds	0	0
Effect of share options issued	0	0
Weighted average number of ordinary shares (diluted) at 31 December	578,949,939	578,949,939
<b>Earnings per share (diluted)</b>	<b>0,0071</b>	<b>0.0090</b>

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

**NOTE 8 - TANGIBLE FIXED ASSETS**

	RON					
Description	Lands	Buildings	Cars and equipment	Furniture and Fixtures	Advance payments for assets and work in progress	Total
0	1	2	3	4	5	6
<b>Cost or assumed cost</b>						
<b>Balance at January 1, 2019</b>	<b>58,595,548</b>	<b>112,527,453</b>	<b>21,029,549</b>	<b>17,311,715</b>	<b>1,458,470</b>	<b>210,922,735</b>
Acquisitions (works + independent fixed assets + advances)	0	3,485,983	889,901	31,919	12,105,769	16,513,572
Derecognition for assets held for sale and real estate investments	3,278,376	2,869,227	6,180	48,051	0	6,201,834
Exits (sales, homes)	(109,060)	(27,601)	(106,604)	(76,458)	(4,268,622)	(4,588,344)
Exits from the classification of tangible real estate in assets held for sale	(4,099,996)	(9,215,660)	0	0	0	(13,315,656)
Revaluation differences	1,277,443	(9,630,827)	0	0	0	(8,353,384)
<b>Balance at December 31, 2019</b>	<b>58,942,311</b>	<b>100,008,575</b>	<b>21,819,026</b>	<b>17,315,227</b>	<b>9,295,617</b>	<b>207,380,757</b>
<b>Balance at January 1, 2020</b>	<b>58,942,311</b>	<b>100,008,575</b>	<b>21,819,026</b>	<b>17,315,227</b>	<b>9,295,617</b>	<b>202,380,757</b>
Acquisitions (works + independent fixed assets + advances)	0	8,276,603	598,142	49,917	7,284,969	16,209,632
Derecognition for assets held for sale and real estate investments	2,117,783	0	0	0	0	2,117,783
Exits (sales, homes)	(216,325)	(156,107)	(1,828,242)	(3,155,882)	(6,625,393)	(11,981,950)
<b>Balance at December 31, 2020</b>	<b>60,843,769</b>	<b>108,129,071</b>	<b>20,588,925</b>	<b>14,209,262</b>	<b>9,955,193</b>	<b>213,726,222</b>
<b>Depreciation and impairment losses</b>						
<b>Balance at January 1, 2019</b>	<b>4,118</b>	<b>9,301,436</b>	<b>13,574,277</b>	<b>8,457,001</b>	<b>0</b>	<b>31,336,832</b>
31,336,832 Depreciation during the year	0	3,783,763	2,134,340	2,431,813	0	8,349,916
Impairment losses	0	0	0	0	1,150,106	1,150,106
Depreciation of fixed assets outflows (decrease)	0	(13,083,898)	(103,514)	(61,700)	0	(13,249,112)
<b>Balance at December 31, 2019</b>	<b>4,118</b>	<b>1,302</b>	<b>15,605,103</b>	<b>10,827,114</b>	<b>1,150,106</b>	<b>27,587,742</b>
<b>Balance at January 1, 2020</b>	<b>4,118</b>	<b>1,302</b>	<b>15,605,103</b>	<b>10,827,114</b>	<b>1,150,106</b>	<b>27,587,742</b>
Depreciation during the year	0	3,482,649	1,534,414	1,119,726	0	6,136,789
Depreciation of fixed assets outflows (decrease)	0	(3,061)	(1,609,596)	(3,145,117)	0	(4,757,773)
<b>Balance at December 31, 2020</b>	<b>4,118</b>	<b>3,480,890</b>	<b>15,529,921</b>	<b>8,801,723</b>	<b>1,150,106</b>	<b>28,966,758</b>
<b>Balance at January 1, 2019</b>	<b>58,591,430</b>	<b>103,226,017</b>	<b>7,455,272</b>	<b>8,854,714</b>	<b>1,458,471</b>	<b>179,585,903</b>
<b>Balance at December 31, 2019</b>	<b>58,938,193</b>	<b>100,007,274</b>	<b>6,213,923</b>	<b>6,488,113</b>	<b>8,145,512</b>	<b>179,793,015</b>
<b>Balance at January 1, 2020</b>	<b>58,938,193</b>	<b>100,007,274</b>	<b>6,213,923</b>	<b>6,488,113</b>	<b>8,145,512</b>	<b>179,793,015</b>
<b>Balance at December 31, 2020</b>	<b>60,839,651</b>	<b>104,648,181</b>	<b>5,059,003</b>	<b>5,407,539</b>	<b>8,805,087</b>	<b>184,759,463</b>

**NOTE 8 - TANGIBLE FIXED ASSETS (CONTINUED)**

On 31.12.2019 the group made the last revaluation of tangible non-current assets.

The Group revalued tangible non-current assets in the following years: 1999. 2002. 2003. 2005. 2007. 2009. 2011. 2012. 2015. 2019.

If the carrying amount of an asset is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If the carrying amount of an asset is impaired as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease shall be recognized in other comprehensive income to the extent that the revaluation surplus shows a credit balance for the asset. Reduction recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

Revaluation differences recorded by the group on 31.12.2020 related assets located in its patrimony are **102,065,652.71 RON** and cannot be distributed to shareholders.

The revaluation differences according to the nature of the fixed assets have the following composition:

Description	2020	2019
Land revaluation reserves	86,538,117	89,147,031
Construction revaluation reserves	13,629,767	14,020,379
Reserves from revaluation of other tangible assets	1,946,405	2,552,725
<b>Total revaluation reserves</b>	<b>102,114,289</b>	<b>105,720,135</b>

For tangible assets recorded in the company's assets, there were no changes in the method of determining the depreciation of tangible assets and no assets or parts of the depreciation expense were reclassified at the expense of other expenses.

In the case of tangible assets, the Parent Company has no restrictions on the title deed.

The company owns as of 31.12.2020:

- all assets in the patrimony;

- land with a total area of **436,608.55 sqm** (499,332.72 sqm existing at the beginning of the year, of which 6,019.35 sqm were sold for the Atena complex in Saturn, 1,016.41 sqm for Bufet Luna Park in Saturn and 5,688.41 sqm for the Restaurant Dunarea in Saturn) obtained as follows:

- 395,163.01 square meters on the basis of certificates of ownership issued by the Ministry of Tourism for: Saturn SA, Venus SA, Eforie Nord SA, Eforie Sud SA and the surrender protocol between Neptun-Olimp S.A. and Miorița Estival 2002 SA;

- 17,278.70 sqm purchased from the Eforie Nord City Hall in accordance with the sale and purchase contracts;

- 24,166.84 sqm following the exchange with Mangalia City Hall and Eforie Nord City Hall.

**NOTE 8 - TANGIBLE FIXED ASSETS (CONTINUED)**

**Assets pledged, mortgaged, restricted**

On 31.12.2020, the Company has set up mortgages on the assets of Hotel Complex - Restaurant Sirena from Saturn and the related land, in favor of BCR, the value of the guaranteed loan being 5,000,000 RON, on 31.12.2020 the amount of 1,273,484 was used RON.

This category of assets did not record compensation from third parties for impaired fixed assets.

**Investments**

In 2020, the Company made investments (account 231) in the amount of **6,992,950** RON plus VAT in the amount of **1,328,660** RON that we present in the table below:

RON

No.	The investment objective	Value from which:
1	Salon and food block construction works + endowments - Restaurant Narcis	1,419,703
2	Continuation of works for raising the comfort level from 2 to 3 stars and endowments - Hotel+Restaurant+ CT Diana	1,778,691
3	Construction works + installations and equipment, works staircase access adjustment Hotel Raluca	773,881
4	Rehabilitation works for balconies and facades, electrical installations for AC, telephone exchange, plasterboard walls - Hotel Aida	560,860
5	Carpet room and hallways, central installation of fire detectives - Hotel Sirena	514,366
6	Construction works for halls, room doors and bathrooms - Hotel Venus	505,414
7	Carpeted room and hallways - Hotel Hora	495,536
8	Gas burners and gas connection - Laundry and central heating	253,479
9	Hotel door access card 153 rooms - Hotel Siret	36,682
10	Rehabilitation works for balconies and facades - Hotel Balada	159,261
11	Various (cars, laptops, resorts) - Administrative	262,329
12	Replacement of interior staircase access joinery, completion of interior hydrant installation (ISU requirements) - Hotel Cleopatra	63,437
13	Design for rehabilitation of hotel complex 150 rooms and restaurant - Hotel Vraja Marii	50,161
14	Kitchen equipment, vacuum cleaners, Control panels - Restaurant Brad, Balada, Prahova, Hotel Bega, Base of treatment	49,458
15	Rehabilitation and modernization of public utility infrastructure consisting of rainwater parking parking - Hotel Bega and Hotel Brad	44,172
16	Access ladder construction works - Restaurant Venus	25,517
	<b>TOTAL INVESTMENTS without VAT</b>	<b>6,992,950</b>
	VAT	1,328,660
	<b>TOTAL INVESTMENTS including VAT</b>	<b>8,321,610</b>

Of these, investments were received in the total amount of **5,922,638** RON (including VAT), of which **5,147,678** RON including VAT) representing construction works and **774,959** RON (including VAT) endowments.

**NOTE 9 - INTANGIBLE ASSETS**

				RON
EXPLANATION	31 December 2020	ACQUISITIONS	OUTPUTS	31 December 2019
<b>I) Book value of intangible assets:</b>	<b>2,180,842</b>	<b>281,403</b>	<b>936,194</b>	<b>2,835,633</b>
Licenses + projects	1,500,506	8,647	516,460	2,008,319
Other intangible assets	407,579	0	419,734	827,314
Assets related to the rights to use leased assets (IFRS16)	259,470	259,470	0	0
Intangible fixed assets advances	13,286	13,286	0	0
<b>II) Decreases (amortization and depreciation):</b>	<b>1,549,880</b>	<b>143,895</b>	<b>936,194</b>	<b>2,342,180</b>
Licenses + projects	1,272,859	92,509	516,460	1,696,810
Other intangible assets	277,021	51,385	419,734	645,370
Assets related to the rights to use leased assets (IFRS16)	0	0	0	0
Intangible fixed assets advances	0	0	0	0
<b>III) Net book value</b>	<b>630,962</b>	<b>0</b>	<b>0</b>	<b>493,453</b>
Licenses + projects	227,647	0	0	311,509
Other intangible assets	130,559	0	0	181,944
Assets related to the rights to use leased assets (IFRS16)	259,470	0	0	0
Intangible fixed assets advances	13,286	0	0	0

The increase is mainly due to the Assets related to the rights to use the leased assets (IFRS 16) represented by means of transport leased financially from Transilvania Leasing and Credit IFN SA for a period of 5 years.

All intangible assets have determined useful lives, the depreciation method being in all cases the linear one over the useful life. According to the accounting policy adopted at the company level, the useful lives are up to 20 years for concessions, patents, licenses and up to 5 years for other fixed assets.

Intangible assets are shown at cost.

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

**NOTE 10 – INVESTMENT PROPERTY**

Assets classified as investment property are measured at fair value as at 31.12.2020, and are presented in the statement of financial position as follows:

RON

Nr. crt.	Explanation	31 December 2020	Outputs	Revaluation gains at fair value as at 31.12.2020 according to IAS40	Adjustment VAT entries with capitalization (January 2020)	Entries from reclassification	31 December 2019
1	Minerva Hotel (building)	560,650	0	18,550	0	0	542,100
2	Miorita complex (building)	3,518,129	0	147,139	0	0	3,370,990
3	Semiramis complex (building)	2,884,526	0	49,041	0	0	2,835,485
4	Siret complex (building)	0	2,321,017	38,246	(5,039)	0	2,287,810
5	Restaurant + Tosca Buffet (building)	165,520	0	12,474	0	153,046	0
6	Prahova Hotel (building)	4,363,610	0	24,615	(4,719)	0	4,343,714
7	Mures Hotel (building)	1,447,717	0	44,972	(6,140)	0	1,408,885
8	Capitol complex (building)	772,217	0	31,655	0	0	740,562
	<b>TOTAL BUILDINGS</b>	<b>13,712,369</b>	<b>2,321,017</b>	<b>366,692</b>	<b>(15,898)</b>	<b>153,046</b>	<b>15,529,546</b>
1	Minerva Hotel (land)	301,572	0	5,201	0	0	296,371
2	Miorita complex (land)	5,156,695	0	95,416	0	0	5,061,279
3	Semiramis complex (land)	3,699,887	0	23,067	0	0	3,676,820
4	Siret complex (land)	0	2,117,783	34,168	0	0	2,083,615
5	Prahova Hotel (land)	834,732	0	5,204	0	0	829,528
6	Mures Hotel (land)	1,356,440	0	8,457	0	0	1,347,983
7	Beach Buffet Semiramis (land)	451,978	0	2,818	0	0	449,160
	<b>TOTAL LAND</b>	<b>11,801,304</b>	<b>2,117,783</b>	<b>174,331</b>	<b>0</b>	<b>0</b>	<b>13,744,756</b>
	<b>TOTAL</b>	<b>25,513,673</b>	<b>4,438,800</b>	<b>541,023</b>	<b>(15,898)</b>	<b>153,046</b>	<b>29,274,302</b>

**NOTE 10 – INVESTMENT PROPERTY (CONTINUED)**

The assets classified as real estate investments were valued by the valuation company IPIEV Consulting SRL based in Bucharest, Bdul Nicolae Grigorescu nr.29A, bl.N22, sc.B, et.4, ap 53, sector 3, registered at the trade register with no.J40 / 10356/2001 and is a Corporate member of ANEVAR having the certificate no. 0250 / 01.01.2016.

The approaches used in the valuation were: the cost approach - the replacement cost method and the revenue approach - the discounted cash flow method.

Analyzing in all aspects the estimated values according to the valuation approaches, it results that, in the present situation, the value of the selected property is the one obtained with the cost approach, given the purpose of the valuation performed.

Leases are entered into for assets recognized as investment property. Rental income is recognized in the income statement and is shown in Note 4 - Revenue from operating activities.

The input data used in fair value measurement techniques are classified at level 2, comprising input data other than the quoted prices included in level 1 that are observable for the asset or liability in question, either directly or indirectly.

Level 2 input data include quoted prices in active markets for similar assets or liabilities, quoted prices in non-active markets for similar or identical assets or liabilities, observable input data other than quoted prices for assets or liabilities but also data input results mainly from or corroborated with observable market data, by correlation or other means.

Fair value adjustments to assets classified as investment property in profit and loss at the end of 31.12.2020, and after evaluation:

RON

Explanation	31 December 2020			31 December 2019		
	Gains from fair value measurement of investment properties	Losses from fair value measurement of investment properties	Gains/Losses	Gains from fair value measurement of investment properties	Gains/losses from fair value measurement of investment properties	Gains/Losses
Minerva complex (building + land)	23,751	0	23,751	9,773	0	9,773
Miorita complex (building + land)	242,555	0	242,555	548,898	0	548,898
Semiramis complex (building + land)	72,108	0	72,108	264,746	0	264,746
Siret complex (building + land)	72,414	0	72,414	163,862	0	163,862
Restaurant + Tosca Bufet (building)	12,474	0	12,474	0	0	0
Hotel Prahova (building + land)	29,819	0	29,819	50,313	0	50,313
Hotel Mures (building + land)	53,429	0	53,429	111,071	0	111,071
Capitol complex (building)	31,655	0	31,655	11,352	0	11,352
Land Buffet beach Semiramis	2,818	0	2,818	12,650	0	12,650
<b>Total</b>	<b>541,023</b>	<b>0</b>	<b>541,023</b>	<b>1,172,665</b>	<b>0</b>	<b>1,172,665</b>

**NOTE 11 – FINANCIAL ASSETS**

Securities are recognized in the financial statements in accordance with IAS 27 (reviewed in 2010). IAS 36 (reviewed in 2009). IAS 39 (reviewed in 2009) and IFRS 7 (issued in 2008). According to these 4 standards, the company adopted the following policy for the recognition and valuation of shares and securities:

- investments in subsidiaries. jointly controlled entities and associates are recognized at cost,
- short-term investments held for sale unlisted on the stock exchange market are recorded at cost. For value depreciation. the company makes adjustments (the depreciation treatment for these securities is determined by IAS 39. paragraph 63) ,
- short-term investments held for sale listed on the stock exchange are recorded at fair value (the value on the last trading day of the year), any gains or losses being recognized in the statement of capital. If there is objective evidence of impairment (as set out in paragraph 59 of IAS 39), as well as in the case of exchange losses and gains, the impairment loss will be recognized in the income statement, as in the case of shares held in Transilvania Hotels & Travel SA, which on 31.12.2018 were adjusted in the sense of their full depreciation, given that this company went into insolvency.

Other investment	31 December 2020			31 December 2019		
	Book value	Impairment	Net book value	Book value	Impairment	Net book value
<b>Long-term investments</b>						
Shares at Transilvania Hotels&Travel S.A.	0	2,432,010	2,432,010	0	2,432,010	2,432,010
<b>Long-term investments</b>	<b>0</b>	<b>2,432,010</b>	<b>2,432,010</b>	<b>0</b>	<b>2,432,010</b>	<b>2,432,010</b>

Long term securities are recognized in the financial statements in accordance with IAS 27 Consolidated and Separate Financial Statements, at cost.

The securities that fall into this category consist of equity securities in Balneoterapia Saturn SRL and Transilvania Hotels & Travel S.A., being recognized in financial assets:

RON			
Company	Share capital %	31 December 2020	31 December 2019
Transilvania Hotels&Travel SA	32.059%	2,432,010	2,432,010

Transilvania Hotels & Travel S.A. has a share capital of 7,586,120 RON composed of 3,034,448 shares with a nominal value of 2.5 RON / share and has its registered office in Bucharest, 35 Maria Rosetti Street, sector 2. The company went into insolvency starting with the year 2017.



**NOTE 12 – INVENTORIES**

RON					
Inventories	Book value (RON) at 31.12.2020	Adjustments for depreciation 31.12.2020	Balance at 31.12.2020	Book value (RON) at 31.12.2019	Stock variation 31.12.2020/ 31.12.2019
Materials (excluding price differences on goods and VAT)	240,774	366,620	607,394	355,687	67,69%
Material advances	81		81		
Materials of the nature of inventory objects	47,799	14,890	62,689	108,743	43,96%
Materials from third parties	548,006	0	548,006	1,193,827	45,90%
Merchandise	4,820	0	4,820	2,792	172,66%
Packaging materials	4,382	0	4,382	4,421	99,12%
<b>Total</b>	<b>845,862</b>	<b>381,510</b>	<b>1,227,372</b>	<b>1,665,470</b>	<b>50,79%</b>

Stocks of materials are of the nature of materials purchased for investment and repair works. Considering that some materials are very old and their use is not expected in the near future, they were adjusted in 2018 and 2020 in the sense of depreciation by the amount of 381,510 RON.

The Stock Indicator registered on 31.12.2020 a reduction of 49.21 compared to 31.12.2019, a reduction due to the download of materials made available to third parties for investments underway at Hotel Diana ,, CT BBB and CT Venus.

#### NOTE 13 – RECEIVABLES

Receivables are presented in the financial statements according to their nature, at the amount likely to be collected:

No	Name	Receivables at 31.12.2020	Allowances at 31.12.2020	Net book value of receivables 31.12.2020	Net book value of receivables 31.12.2019	Variation of receivables 2020/2019 (%)
<b>1</b>	<b>Total trade receivables, of which:</b>	<b>501,177</b>	<b>1,756,560</b>	<b>2,257,738</b>	<b>567,318</b>	<b>88,34%</b>
1.1.	<i>Transilvania Hotels &amp; Travel SA</i>	<i>0</i>	<i>443,593</i>	<i>443,593</i>	<i>0</i>	<i>0,00%</i>
<b>2</b>	<b>Other receivables total, of which:</b>	<b>3,698,969</b>	<b>27,472</b>	<b>3,726,441</b>	<b>2,932,574</b>	<b>126,13%</b>
2.1.	<i>Receivables from the state budget</i>	<i>3,412,752</i>	<i>27,472</i>	<i>3,440,224</i>	<i>2,669,062</i>	<i>127,86%</i>
2.2.	<i>Debtors active sales</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0,00%</i>
2.3.	<i>Different debtors</i>	<i>61,738</i>	<i>0</i>	<i>61,738</i>	<i>114,975</i>	<i>53,70%</i>
2.4.	<i>Other receivables</i>	<i>224,480</i>	<i>0</i>	<i>224,480</i>	<i>148,537</i>	<i>151,13%</i>
	<b>Total</b>	<b>4,200,146</b>	<b>1,784,032</b>	<b>5,984,179</b>	<b>3,449,892</b>	<b>120,01%</b>

*The receivables of the Group*, on 31.12.2020 or the creation an increase of 20.01% compared to receivables recorded on 31.12.2019, while trade receivables decreased by 11.66% compared to trade receivables registered on 31.12.2019, which highlights the efforts of the economic department in debt recovery.

#### The Group's receivables consist of:

- trade receivables represented by tourist services and other services provided by THR Marea Neagră to third parties, in the amount of 2,257,830 RON which were adjusted by the amount of 1,756,560 RON representing debts older than one year related to the services provided to Rugby Club Constanța, Mareea Comtur, Transilvania Hotels & Travel SA, Sind Tour Operator, ACS Cuza Sport, Ager Construct, Remat Sud Mangalia, Cuemjiev Ioan, Dumitras Florenta, Gorj Turism, Inter Tour Bacau, Christian76 Tour, Sind Gaz.

- receivables from the state budget represented mainly by VAT to be recovered in the amount of 2,917,486 RON, of which for the amount of 2,761,032 RON ANAF was requested to reimburse it, current profit tax in the amount of 147,278 RON, non-chargeable VAT related to suppliers' invoices in the amount of 346,357 RON;

- various debtors in the amount of 61,738 RON represented mainly by advances paid to suppliers for services to be provided in 2021;

- other receivables are mainly represented by the interest receivable at the deposits established at BCR in the amount of 96,320 RON and which will be collected in January 2021, social receivables in the amount of 69,665 RON representing Medical leave incurred by the Health Insurance House.

**NOTE 13 – RECEIVABLES (CONTINUED)**

Depending on their age, the book value of receivables is:

No.	Receivables	Total at 31.12.2020	Under 30 days	30-90 days	90-180 days	180-365 days	>1 year
<b>1</b>	<b>Total trade receivables, of which:</b>	<b>2,257,738</b>	<b>51,495</b>	<b>18,072</b>	<b>398,754</b>	<b>57,571</b>	<b>1,731,845</b>
1.1.	<i>Transilvania Hotels &amp; Travel SA</i>	443,593	0	0	0	0	443,593
<b>2</b>	<b>Other receivables total, of which:</b>	<b>3,726,442</b>	<b>364,003</b>	<b>136,905</b>	<b>187,008</b>	<b>944,948</b>	<b>2,093,577</b>
2.1.	<i>Receivables from the state budget</i>	3,440,224	196,912	116,176	169,585	924,012	2,033,540
2.2.	<i>Debtors active sales</i>	0	0	0	0	0	0
2.3.	<i>Different debtors</i>	61,738	48,414	80	7,641	299	5,303
2.4.	<i>Other receivables</i>	224,480	118,677	20,649	9,782	20,637	54,734
	<b>Total</b>	<b>5,984,179</b>	<b>415,499</b>	<b>154,977</b>	<b>583,762</b>	<b>1,002,519</b>	<b>3,827,422</b>

**NOTE 14 - ACCRUED EXPENSES**

RON

Accrued expenses	31.dec.2020	31.dec.2019
Other expenses registered in advance (OPTBR fee year 2021)	11,000	0
Other expenses recorded in advance (personal housing rent January 2021)	6,331	0
Annual activity fee for the exploitation of mineral resources	180	144
Vignette taxes	619	244
Insurance policies (CASCO, RCA, events, civil liability administrator, manager)	59,295	46,392
<b>Total accrued expenses</b>	<b>77,425</b>	<b>46,780</b>

**NOTE 15 - CASH AND CASH EQUIVALENTS**

RON			
Explanation	31.12.2020	31.12.2019	Variation 31.12.2020/31.12.2019
Bank accounts in RON	20,699,749	31,669,615	65,36%
Bank account in foreign currencies	9,303	1,479	629,05%
Petty cash in RON	735	4,584	16,03%
Other values	260	43,094	0,60%
<b>Total</b>	<b>20,710,046</b>	<b>31,718,771</b>	<b>65,29%</b>

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

**NOTE 16 – ASSETS CLASSIFIED AS HELD FOR SALE**

							RON
NO	Category	Book value of non-current assets held for sale in 2020	Book value of assets disposed or disposed through reclassification in 2020	Book value of non-current assets held for sale at 31.12.2020	Book value of non-current assets held for sale in 2019	Book value of non-current assets sold in 2019	Book value of non-current assets held for sale at 31.12.2019
1	Restaurant Minerva	0	0	149,672	0	0	149,672
2	Restaurant  Sulina	0	0	89,705	0	0	89,705
3	Restaurant Dunarea	0	176,298	0	0	0	176,298
4	Complex Atena (hotel + restaurant)	0	1,322,520	0	0	0	1,322,520
5	Complex Tosca (Hotel + restaurant + bufet)	0	0	0	0	2,920,388	0
6	Popas turistic Saturn	0	0	32,452	0	0	32,452
7	CP 3 Saturn	0	0	182,082	0	0	182,082
8	Restaurant Pelican	0	0	145,092	0	0	145,092
9	GG Jupiter	0	0	451,633	0	0	451,633
10	Gradina/restaurant Rapsodia	0	0	237,148	0	78,283	237,148
11	Hotel Ancora	0	0	0	0	258,532	0
12	Complex Capitol (Hotel + restaurant)	0	0	0	0	729,210	0
13	Hotel Gloria	0	567,435	0	0	0	567,435
14	Complex Magura (Hotel + restaurant)	0	0	1,526,033	0	0	1,526,033
15	Hotel Meteor	0	0	246,812	0	0	246,812
16	Complex Claudia (Hotel + restaurant)	0	0	0	0	438,652	0
	<b>TOTAL BUILDINGS</b>	<b>0</b>	<b>2,066,253</b>	<b>3,060,628</b>	<b>0</b>	<b>4,425,066</b>	<b>5,126,881</b>
1	Land Restaurant Minerva	0	0	1,813,760	0	0	1,813,760
2	Land Restaurant  Sulina	0	0	1,458,496	0	0	1,458,496
3	Land Restaurant Dunarea	0	1,183,104	0	0	0	1,183,104
4	Land Complex Atena (hotel + restaurant)	0	1,251,952	0	0	0	1,251,952
5	Land Complex Tosca (Hotel + restaurant + buffet)	0	0	0	0	2,602,496	0
6	Land – stop on the tour Saturn	0	0	15,890,160	0	0	15,890,160
7	Land CP 3 Saturn	0	0	791,024	0	0	791,024
8	Land Restaurant Pelican	0	0	668,304	0	0	668,304

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
**(All amounts are presented in RON)**

NO	Category	Book value of non-current assets held for sale in 2020	Book value of assets disposed or disposed through reclassification in 2020	Book value of non-current assets held for sale at 31.12.2020	Book value of non-current assets held for sale in 2019	Book value of non-current assets sold in 2019	Book value of non-current assets held for sale at 31.12.2019
9	Land GG Jupiter	0	0	1,080,560	0	0	1,080,560
10	Land - Garden Rapsodia	0	0	0	0	233,022	0
11	Land- Cocor Complex	0	0	95,483	0	0	95,483
12	Land complex Claudia	0	0	0	0	1,045,877	0
	<b>TOTAL LANDS</b>	<b>0</b>	<b>2,435,056</b>	<b>21,797,787</b>	<b>0</b>	<b>3,881,395</b>	<b>24,232,843</b>
	<b>TOTAL ASSETS HELD FOR SALE</b>	<b>0</b>	<b>4,501,309</b>	<b>24,858,415</b>	<b>0</b>	<b>8,306,461</b>	<b>29,359,724</b>

Assets held for sale are shown at the lower of carrying amounts and at costs less costs to sell. Any subsequent increase or decrease in the value of these assets has been recognized in the income statement, based on a specialized valuation.

Gains from the sale of assets held for sale were recognized in the income statement as follows:

RON

2020			2019		
Income from disposal of non-current assets held for sale	Expenses from disposal of non-current assets held for sale	Profit/Loss	Income from disposal of non-current assets held for sale	Expenses from disposal of non-current assets held for sale	Profit/Loss
18,051,822	4,501,309	13,550,513	7,346,726	(2,054,366)	5,292,360

Income from disposal of non-current assets held for sale were included on line 5 of the statement of profit or loss and other comprehensive income and disposal expenses of assets held for sale were presented in row 13 from the statement of comprehensive income.

Assets classified as held for sale were valued according to IFRS at 31.12.2020, the resulting amounts being greater than the amount recorded in the accounting. The bookkeeping of the assets held for sale was made at the carrying amount, ie at the lower value.

**NOTE 17 - THE SHARE CAPITAL. OWNERSHIP STRUCTURE AND CHANGES IN CAPITAL**

The subscribed and paid up share capital is amounted to **57,894,993.90 RON** divided into a number of **578,949,939** shares. During the reporting periods subscribed and paid up share capital did not change.

Of the total number of shares issued and outstanding at December 31, 2020:

- THR Marea Neagră SA holds **2,941,452 shares** repurchased;

The main characteristics of the securities issued by T.H.R. Marea Neagra S.A.: common, nominative, of equal value and dematerialized shares issued at a nominal value of 0.10 RON / share.

During 2020, in the EGMS of October 5, 2020, it is decided to reduce the share capital by canceling its own shares, registering the mentions at ONRC at the beginning of 2021, as on 31.12.2020. the capital and shareholder structure, taken from the BVB website, were the following:

Shareholders name	Percent(%)	Shares	Capital value(RON)
SIF Transilvania S,A,	77.7131%	449,920,140	44,992,014,00
Other shareholders	22.2869%	129,029,799	12,902,979,90
<b>TOTAL</b>	<b>100.0000%</b>	<b>578,949,939</b>	<b>57,894,993,90</b>

The Group has no employee stock grant schemes and there are no restrictions on voting rights. It also has no knowledge of agreements between shareholders which may result in restrictions on the transfer of securities and / or voting rights.

THR Marea Neagră S.A. shares, are listed on the second category of Bucharest Stock Exchange started from 15 august 2002, with symbol “EFO”.

In the last trading day of 2020, 31.12.2020, the closing price was 0.1285 RON/share, compared to 0.1160 RON /share at 30.12.2019.

**NOTE 18 - CAPITAL RESERVES. REVALUATION DIFFERENCES**

Explanation	RON	
	31.12.2020	31.12.2019
<b>Differences from revaluation</b>	<b>102,114,289</b>	<b>105,720,135</b>
<b>Total reserves, of which:</b>	<b>24,914,052</b>	<b>32,929,447</b>
<i>Legal reserves of 5% of GDP</i>	<i>6,205,236</i>	<i>5,868,274</i>
<i>Other reserves</i>	<i>18,708,816</i>	<i>27,061,173</i>
<b>Inflated reserves following the application of IAS 29</b>	<b>16,745,901</b>	<b>16,745,901</b>
<b>Total reserve</b>	<b>143,774,242</b>	<b>155,395,482</b>

The revaluation surplus refers to property and plant of the company and it was generated by the revaluations of tangible non-current assets in the years of 1999, 2002, 2003, 2005, 2007, 2009, 201, 2012, 2015 and 2019.

The differences from the revaluation of the company's assets in the amount of 102,114,289 RON, compared to the balance registered on 31.12.2019, are reduced by the amount of 3,605,845 RON due to the revaluation reserves related to the assets sold and disposed of.

The reserves composed of legal reserves and other reserves, in the total amount of 24,914,052 RON, decreased compared to 2019 (32,929,447 RON) by 24.34%, decrease due to the decrease of other reserves with the amount of 10,368,153 RON was distributed on dividends, decrease compensated to a small extent with the amount of 2,015,796 RON distributed on other reserves and with the amount of 336,962 RON distributed on legal reserves from the net profit of 2019.

**NOTE 19 - RETAINED EARNINGS**

Element name	31.12.2020	Decrease	Increase	RON
				31.12.2019
<b>Retained earnings except retained earnings from the adoption of IAS 29 for the first time</b>	<b>60,866,478</b>	<b>391,321</b>	<b>3,605,845</b>	<b>57,651,954</b>
<i>Retained earnings representing retained earnings</i>	<i>(553,623)</i>	<i>391,321</i>	<i>0</i>	<i>(162,302)</i>
<i>Surplus realized from revaluation reserves</i>	<i>61,420,101</i>	<i>0</i>	<i>3,605,845</i>	<i>57,814,256</i>
<b>Retained earnings came following the application of IAS 29 for the first time</b>	<b>(102,691,275)</b>	<b>0</b>	<b>0</b>	<b>(102,691,275)</b>



**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ SA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020**  
(All amounts are presented in RON)

**NOTE 20 - OTHER ELEMENTS OF EQUITY**

RON

Other elements of equity	31.12.2020	31.12.2019
Deferred tax recognized in equity	(12,398,752)	(12,745,012)
Profit distribution to legal reserve	(336,962)	(392,042)
<b>Total Other elements of equity</b>	<b>(12,735,714)</b>	<b>(13,137,054)</b>

**NOTE 21 - LIABILITIES, LESS DEFERRED INCOME AND PROVISIONS**

The short-term debts in balance on 31.12.2020, less the provisions, are in the amount of **10,390,839 RON**, the structure depending on the moment of exigibility, presenting itself as follows:

RON

Short-term liabilities	Liabilities at 31.12.2019	Liabilities at 31.12.2020	under 30 days	30-90 days	91-180 days	181-270 days	between 270- 365 days	Variation of liabilities 31.12.2020 / 31.12.2019
Amounts owed to credit institutions	0	1,273,484	0	0	0	0	1,273,484	0,00%
Trade payables and other liabilities, including derivatives	13.586.647	7,638,015	6,205,687	491,368	94,643	203,980	642,337	56,22%
Advances collected for orders:	5.793.406	1,218,188	0	466,680	0	177,729	573,779	21,03%
<i>Advances received from assets sales and rental assets</i>	<i>5,724,599</i>	<i>1,040,459</i>	<i>0</i>	<i>466,680</i>	<i>0</i>	<i>0</i>	<i>573,779</i>	<i>18,18%</i>
<i>Advances collected from tourist services</i>	<i>68.807</i>	<i>177,729</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>177,729</i>	<i>0</i>	<i>258,30%</i>
Trade payables	1.098.453	649,574	649,574	0	0	0	0	59,14%
Debts to the state budget	638.083	432,646	432,646	0	0	0	0	67,80%
Debt with the staff	541.676	519,463	519,463	0	0	0	0	95,90%
Other liabilities	5.515.029	4,818,142	4,604,002	24,688	94,643	26,251	68,558	87,36%
<b>Total current debt</b>	<b>13.586.647</b>	<b>8,911,499</b>	<b>6,205,687</b>	<b>491,368</b>	<b>94,643</b>	<b>203,980</b>	<b>1,915,821</b>	<b>65,59%</b>

**NOTE 21 - LIABILITIES, LESS DEFERRED INCOME AND PROVISIONS (CONTINUED)**

**Short-term debts at 31.12.2020, excluding provisions**, decreased compared to the same period last year, by 34.41%, decrease mainly due to:

- Closing the advances received in 2019, related to the sale-purchase contracts of the assets of Hotel Gloria and Restaurant Dunarea authenticated at the notary's office at the beginning of 2020;
- closing the advances received in 2019 for the 2020 rent of the assets: Capitol complex, Prahova Hotel, Mureş Hotel, Siret complex;
- reduction of staff debts, due to the reduction of the number of staff due to the Pandemic with COVID-19;
- reduction of debts to the state budget also on the background of the Pandemic.

The amounts due to credit institutions as of December 31, 2020 - 1,273,484 RON are represented by an overdraft loan obtained by the parent company based on the credit agreement with no. DCCM 660/177/11 May 2009 from Banca Comercială Română extended by Additional Act no. 11 from November 16, 2020 to November 29, 2021, whose ceiling is 5,000,000 RON.

Depending on their due date, the long-term debts at 31.12.2020, less provisions, are grouped as follows:

RON			
<b>Long-term liabilities</b>	<b>Liabilities at 31.12.2019</b>	<b>Liabilities at 31.12.2020</b>	<b>&gt;1 year</b>
Amounts owed to credit institutions	0	0	0
Other loans and similar debts - guarantees	161,559	112,352	112,352
Other loans and similar debts - financial leasing	0	188,301	188,301
Deferred tax liabilities	13,371,749	13,151,453	13,151,453
<b>Total long-term liabilities</b>	<b>13,533,308</b>	<b>13,452,106</b>	<b>13,452,106</b>

The long-term debts consist of the guarantees of good execution granted by the service and fixed assets providers in the amount of 112,352 RON, from the amounts representing capital rates related to the financial leasing contracts concluded with Transilvania Leasing and Credit IFN SA in the amount of 188,301 RON and from deferred income tax.

**NOTE 22 – PROVISIONS**

The company has not assumed obligations for pension plans, other than the state ones provided by Law no. 263/2010 on the unitary public pension system, with subsequent amendments and completions. The collective labor contract concluded for 2020 provides for the granting of a retirement premium at the level of a gross salary.

As of December 31, 2020, the Company had provisions of **936,109 RON**:

						RON
No.	Explanation	Account	31.12.2020	Provision 31.12.2020	Cancelling provision in 2020	31.12.2019
<b>1</b>	<b>Provisions for litigation, of which:</b>	<b>1511</b>	<b>707,852</b>	<b>143,871</b>	<b>77,691</b>	<b>641,672</b>
1.1.	<i>Carja Vasile - File no. 3093/118/2016 - claims for improvements to the Flora villa before its return to THR</i>		554,512	0	0	554,512
1.2.	<i>Constanta District Court Costs representing the lawyer's fee of the City of Eforie for the file 8013/118/2017 in which THR tried to cancel a waste tax</i>		3,570	3,570	0	0
1.3.	<i>Monica Saturn - File no.3208 / 254/2019 - lack of use of space that houses the sea water pump (Aida Buffet)</i>		41,200	41,200	0	0
1.4.	<i>Alcon SRL - File no.8002 / 118/2020 - Invoice penalties</i>		99,101	99,101	0	0
1.5.	<i>Mateevici Alexandru, Zellinger, Stoicovic and others - File 15314/212/2018 - court costs, lawyer's fees from files 2639/118/2017 and 4847/212/2010</i>		0	0	20,900	20,900
1.6.	<i>Eforie City Hall - taxes and accessories calculated additionally as a result of fiscal control, contested by THR</i>		9,469	0	56,791	66,260
<b>2</b>	<b>Provisions for total employee benefits of which:</b>	<b>1517</b>	<b>228,257</b>	<b>20,072</b>	<b>201,545</b>	<b>409,730</b>
2.1.	<i>Provisions for retirement rights</i>		55,878	20,072	16,665	52,471
2.2.	<i>Provisions for rest leave not performed</i>		172,379	0	184,880	357,259
	<b>Total Provisions</b>		<b>936,109</b>	<b>163,943</b>	<b>279,236</b>	<b>1,051,402</b>

**NOTE 23 - RELATED PARTIES TRANSACTION**

Compared to 2019, in the year 2020 were carried out transactions with related parties, as set out in the tables below. Values presented include value added tax.

**RON**

<b>Receivables</b>		
<b>Related parties</b>	<b>Financial year ended at 31.dec.2020</b>	<b>Financial year ended at 31.dec .2019</b>
<i>Transilvania Hotels&amp;Travel SA</i>	440,676	443,593
<b>TOTAL</b>	<b>440,676</b>	<b>443,593</b>
<b>Liabilities</b>		
<b>Related parties</b>	<b>Financial year ended at 31.dec.2020</b>	<b>Financial year ended at 31.dec .2019</b>
<i>Transilvania Hotels&amp;Travel SA</i>	50,332	191,880
<i>Transilvania Leasing&amp;Credit IFN SA</i>	286	0
<b>TOTAL</b>	<b>50,618</b>	<b>191,880</b>

In 2020 THR Marea Neagra SA performed the following transactions with related parties:

<b>Sales</b>		
<b>Related parties</b>	<b>Financial year ended at 31.dec.2020</b>	<b>Financial year ended at 31.dec .2019</b>
<i>Transilvania Hotels&amp;Travel SA</i>	406,228	4,766,315
<b>TOTAL</b>	<b>406,228</b>	<b>4,766,315</b>
<b>Acquisitions</b>		
<b>Related parties</b>	<b>Financial year ended at 31.dec.2020</b>	<b>Financial year ended at 31.dec .2019</b>
<i>Transilvania Hotels&amp;Travel SA</i>	150,332	656,572
<i>Transilvania Leasing&amp;Credit IFN SA</i>	49,164	0
<b>TOTAL</b>	<b>199,496</b>	<b>656,572</b>

**NOTE 23 - RELATED PARTIES TRANSACTION (CONTINUED)**

According to IAS 24 "Related Party Disclosures" section, 17 specify that:

- outstanding balances of receivables and payables between related parties are related to trade transactions that are made on terms and conditions similar to terms and conditions that would have been accepted by third parties and are not warranted;
- we can not provide additional information on the given or received guarantees as it was not the case;
- we made adjustments for the depreciation of the amount of **443,592.84** RON representing the receivable related to the outstanding balance of Transylvania Hotels & Travel SA, a company in insolvency, with which THR Marea Neagra SA registered at the creditor table in 2017.

**NOTE 24 –CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

In all THR disputes, it has undertaken the necessary diligence to protect the property right. In some situations, there are some litigations that claim THR assets.

The company is involved in a dispute with the Mangalia City Hall following the tax inspection carried out by it for the period 2008-2012, an inspection completed by the tax inspection report no.57355 / 10.11.2015, on the basis of which two tax decisions were issued, in a total amount of 7,604,311.45 RON.

The execution of the two decisions was suspended by the Constanța Court of Appeal - dossier no.776 / 118/2015, and the effects of the suspension subsisting until the date of the substantive settlement of the court action and which has as object the annulment of the tax decisions.

The Company has recognized and estimated that the amount of 1,577,262 RON representing:

- i) Tax of additional buildings in the amount of 482,520 RON representing the taxation of buildings without applying the 50% reduction granted by art.285 paragraph 2 of the Fiscal Code;
- ii) Additional land tax in the amount of 253.029 RON representing the tax without the 50% reduction provided by art.285 paragraph 2 of the Fiscal Code;
- iii) Accessories related to the tax on buildings and land set up by the control body in the amount of 841,713 RON.

For the difference between the value of the tax on buildings and land determined additionally by the control body and that recognized by the company, they were requested and received on the evaluation reports drawn up by PRECISS CONSULTING SRL on 31.12.2007, 31.12.2009, 31.12.2011 and 31.12 .2012 which states that the fair value of the buildings at the time of valuations included the value of the functional elements and facilities and the upgrades made to the buildings to which it relates until the time of the reassessment, which leads to the conclusion that there are no additional risks for the company.

## **NOTA 25 - SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES**

Preparation of financial statements in accordance with IFRS has involved the use of the Group's management to make judgments in applying accounting policies with implications carrying amount of assets and liabilities in the consolidated financial statements, such:

- tangible assets were revalued periodically, The evaluation was done by certified evaluators, members of ANEVAR.
- The fair values are based on market values respectively estimated value for which an asset could be exchanged on the valuation date in a transaction made in objective conditions, after proper marketing action, interested parties that are in full knowledge of the facts. In the absence of current prices in an active market, valuations are prepared by taking into account the aggregate amount of cash flows that could be estimated from the sale of the asset. To the annual net cash flows it is applied a rate of return that reflects the specific inherent risks in order to establish the fair value of the assets.
- assets carried at cost are evaluated for impairment in accordance with the accounting policies of the Group. The assessment for allowance of receivables is made individually and is based on management's best estimate of the present value of the cash flows expected to be received. To estimate these cash flows, the management makes certain estimates on the financial statements of the counterparty. Each impaired assets individually analyzed. Provisions accuracy depends on the estimation of future cash flows for specific counterparties. The amounts of provisions were estimated taking into account the chances of winning of the pending files to the competent courts. Because chances of winning results from the evaluation of the legal department grew, the Group would have to reduce its provisions made for these claims. However, the Group management considered it is not prudent to reverse provisions, and decided to keep them at the level of previous year.
- For the differences in fair value we have performed the calculation of the related deferred tax.

## **NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY**

Specific activity, determine the Group's exposure to a variety of general risk, but also specific risks and financial market on that operates. Risk is defined as the possibility of unfavorable deviations to arise, against expected levels due to random fluctuations. Significant risks have a high impact on the Group.

The purpose of risk assessment is to identify the significance level and effects of the risks assumed by the Group in investment activity.

In their activity, the Group may face uncontrollable risks, which are generally associated with external factors such as macroeconomic conditions, legislative changes, changes in the competitive environment etc.

Usually, however, the Group faced controllable risks, for which adopted active management policies and procedures (analysis, monitoring and control).

These risks are associated with internal invoices and nature of activity, the complexity of the organizational structure, quality of staff etc.

The main significant risks that the Group has to face, are:

### **Liquidity risk**

Liquidity is the company's ability to secure the funds necessary to meet all its direct and indirect payment obligations at a reasonable price at all times. Liquidity risk is the actual or potential risk to which the company's profits and capital may be subject due to its inability to meet its payment obligations at maturity.

**NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY (CONTINUED)**

The company has always sought to ensure a balance between its sources of financing and its short-term needs, so that it has always had liquidity to meet its financial obligations. The company prepares monthly cash flow forecasts for periods ranging from 6 months to a year, so it can detect in time a possible lack of liquidity and can take action accordingly.

**Operational risk**

Operational risk is defined as the risk of loss or loss of estimated profits due to internal factors such as improper conduct of internal activities, the existence of inadequate personnel or systems, or due to external factors such as economic conditions, changes on the capital market, technological advances. Operational risk is inherent in all of the Company's activities.

The policies adopted by the company for the prevention and management of operational risk, which may have a direct, negative impact, on the operating activity (base), have taken into account each type of event that may generate such risks.

An analysis of assets and liabilities has been made, based on the remaining period from the balance sheet date to the contractual maturity date for the financial year 2020, as:

<i>Explanation</i>	<b>Note</b>	<b>Book value</b>	<b>Under 6 months</b>	<b>Between 6 and 12 months</b>	<b>Over 1 year</b>	<b>Indefinite maturity</b>
<b>Assets</b>						
Cash and cash equivalents	15	20,710,046	20,710,046	0	0	0
Trade receivables and other receivables	13	4,200,146	4,071,167	156,451	0	(27,472)
Inventories	12	845,862	549,634	0	0	296,228
Expenses in advance	14	77,425	63,234	14,191	0	0
Current assets		236,230,852	0	0	0	236,230,852
<b>Total assets</b>		<b>262,064,332</b>	<b>25,394,081</b>	<b>170,642</b>	<b>0</b>	<b>236,499,608</b>
<b>Liabilities</b>						
Provisions	22	936,109	0	0	0	936,109
Trade payables and other payables	21	22,363,605	6,791,698	2,119,901	300,653	13,151,453
Deferred income (Grants)	3	(699)	(699)	0	0	0
<b>Total liabilities</b>		<b>23,299,015</b>	<b>6,790,999</b>	<b>2,119,801</b>	<b>300,653</b>	<b>14,087,562</b>
						0
<b>Liquidity surplus in the period</b>		<b>238,765,317</b>	<b>18,603,082</b>	<b>(1,949,158)</b>	<b>(300,653)</b>	<b>222,412,046</b>
<b>Cumulative liquidity surplus</b>		<b>238,765,317</b>	<b>18,603,082</b>	<b>16,653,924</b>	<b>16,353,271</b>	<b>238,765,318</b>

**NOTE 26 - SIGNIFICANT RISK MANAGEMENT POLICY (CONTINUED)**

**Capital management**

Group's capital management objectives are to ensure the protection and the ability to reward shareholders, to maintain an optimal capital structure to reduce capital costs. In order to maintain or change the capital structure, the Group may change the amount of dividends paid to shareholders, shareholders capital yield, issue new shares or sell assets to reduce debts.

The Group monitors the amount of capital raised based on gearing. This rate is the ratio of net debt and total equity. Net debts are calculated as total net cash debts. Total equity is calculated as equity plus net debt.

	RON	
<i>Explanation</i>	<b>31 December 2020</b>	<b>31 December 2019</b>
Total liabilities (long and short term)	22,363,605	28.171.356
Cash and cash equivalents	20,710,046	31.718.771
Total equity	238,765,317	248.142.057
<b>Net liabilities indicator</b>	<b>(237,111,758)</b>	<b>(251.689.472)</b>

**NOTE 27 –SUBSEQUENT EVENTS**

The current climate of public health crisis generated by the COVID-19 epidemic implicitly determines the existence of a risk regarding the possibility of diminishing the Group's activity compared to the level of previous financial years, considering that the field of activity in which the Group operates - tourism - is one of the first areas affected by this crisis. Due to the existing uncertainties, the Group's management cannot quantify / estimate the possible effect of future socio-economic events and conditions present in the difficult environment in which the Group operates.

At the beginning of 2020, until the date of this report, the registration with ONRC of the reduction of the share capital with the amount of 294,145.20 lei, from 57,894,993.90 lei to 57,600,848.70 lei, by canceling a number of shares, was completed of 2,941,452 shares with a nominal value of 0.10 lei, acquired by the company within the redemption program, reduction approved in the EGMS of 22.10.2020.

Regarding Balneotherapy, on February 15, 2021, the insolvency company Dascalescu & Co was appointed as liquidator, becoming from that moment the legal representative.



**NOTE 28 - BOARD OF DIRECTORS PROPOSAL FOR ALLOCATING NET PROFIT**

At the end of 2020 THR Marea Neagra SA Company has a net profit of 4,579,520 RON, which the Directorate proposes to be distributed as follows:

- |                                                                                          |                  |
|------------------------------------------------------------------------------------------|------------------|
| -The legal reserve in accordance with art. 183 of the Companies Law 31/1990. republished | 336,962.00 RON   |
| - Distribution of dividends to shareholders                                              | 210,498.60 RON   |
| - Distribution of dividends to shareholders (gross dividend / share = 0.0070 RON)        | 4,032,059.41 RON |

The separate financial statements were approved by the Board of Directors on March 17, 2021 and were signed by:

CHIEF EXECUTIVE OFFICER  
MIHAI ZAMFIR

CHIEF FINANCIAL OFFICER  
MADALINA COMSA



# TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

Sediul: România, Mangalia, str.Lavrion nr.29, jud.Constanța Tel:+40-241-752-452 Fax:+40-241-755-559  
Nr. Înregistrare Registrul Comerțului Constanța: J13/696/1991, CIF: RO2980547,  
Cont IBAN: RO71 RNCB 0117 0151 6314 0001, Banca Comercială Română – Agenția Mangalia  
Capital social subscris și versat : 57.600.848,70 lei

[www.thrmareaneagra.ro](http://www.thrmareaneagra.ro)

---

## STATEMENT

The undersigned **MIHAI ZAMFIR** as **General Manager** and **MADALINA COMSA** as **Head of Economic Department** of T.H.R. Marea Neagra SA, state that for the year 2020 :

- a) the accounting policies used for drafting the consolidated annual financial statement comply with the applicable accounting regulations;
- b) the consolidated annual financial statements reflect a true and fair presentation of the financial position, of the financial performance and the other information related to the activity performed;
- c) the legal entity has continuity of operation.

Mihai ZAMFIR  
**GENERAL MANAGER**

Madalina COMSA  
**HEAD OF ECONOMIC DEPARTMENT**

# A.B.A. AUDIT S.R.L.

S.C. A.B.A. Audit S.R.L.  
ADRESA: Timisoara, Str. Moise Nicoară , Nr. 11B  
CUI: RO 14907434 • Nr. Inreg. ORC: J35/1537/2002  
IBAN: RO43PIRB3701720663001000 • BANCA: First Bank  
TEL: 0256.216.100; • FAX: 0256.205.039  
E-MAIL: office.audit@abaconsulting.ro • WEB: www.abaconsulting.ro

## INDEPENDENT AUDITORS' REPORT

(Free translation\*)

**To the Shareholders of  
TURISM, HOTELURI, RESTAURANTE MAREA NEAGRĂ S.A MANGALIA**

### *Unmodified opinion*

We have audited the accompanying consolidated financial statements of Turism, Hoteluri, Restaurante Marea Neagră SA Mangalia ("the Company"), with headquarters in Mangalia, Lavrion Street, No. 29, identified by unique tax registration number RO2980547 and its subsidiary ("the Group") which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and consolidated notes to consolidated financial statements for the year then ended, represented by:

Consolidated financial statements at December 31, 2020, are identified as follows

- Revenues:	43,122,034 RON
- Net profit:	4,115,366 RON
- Total assets:	262,064,332 RON

• In our opinion, the consolidate financial statements present fairly, in all material respects, the financial position of Turism, Hoteluri, Restaurante Marea Neagră SA Mangalia as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Accounting Law no. 82/1991, republished, including subsequent amendments and additions, Order of the Minister of Public Finance of Romania no. 881/2012 on application by companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards and the Order of the Minister of Public Finance no. 2844/2016 for approval of the Accounting Regulations in accordance with International Financial Reporting Standards, including subsequent amendments and additions.

• *The English version is a translation of the original in Romanian for information purposes only.  
In case of a discrepancy, the Romanian original will prevail.*

### *Basis for opinion*

- We conducted our audit in accordance with International Standards on Auditing ("ISA"), the EU Regulation No 537 of the European Parliament and of the Council of the European Parliament (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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. We consider that the audit evidences we have obtained are sufficient and appropriate in order to form a basis for our audit opinion.

### *Emphasis of matters*

5. Without further modified our opinion, we draw attention related to subsequent issues:

- 5.1. On the consolidated financial statements prepared by the Company for the financial year ended December 31, 2020, we consider necessary to present the existence of litigations - as disclosed in Note 24 "*Contingent Assets and Contingent Liabilities*" may involve risks of ownership of assets, along with evidence of losses from other operating activities, as the litigation against Mangalia Tax Department which highlights the risk of increasing debts and additional penalties beyond the amounts recognized and assumed by the Grup as at December 31, 2020 depending on evolution of the litigation in the file no. 264/36/2015\* of the Constanța Appeal Court.
- 5.2. The current climate of public health crisis generated by the COVID-19 epidemic that led in Romania to the declaration of the state of emergency, respectively of the state of alert, implicitly determines the existence of a risk regarding the possibility of unpredictable evolutions regarding the level of economic and financial indicators budgeted by the Group, respectively the reconsideration of the aspects that were the basis for estimating the bookvalues for the Group's assets, considering that the field of activity in which the Group operates - tourism - is one of the first areas affected by this crisis. The management of the financial situation of the Group depends on the way in which the management approaches the future socio-economic events and conditions present in the difficult environment in which it operates.

### *Key audit matters*

- The key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and the auditor does not provide a separate opinion on these matters.

- *Revenue recognition*

At the level of revenue recognition there are risks of material misstatements like the situations where there may not be recognized by the Group's management in accordance with applicable accounting regulations. There may be risks both in terms of the amount of revenue recognized as well as the time of their recognition of possible significant material misstatements regarding the application of the principle of accrual-based accounting.

Our response to these risks of material misstatements have resulted in performing audit procedures with the purpose of: analysis of contracts, testing the revenue recognition method in accordance with the contract clause, to obtain sufficient audit evidence and adequate both in connection with the recognition of revenue, but also with accuracy assertions testing.

- *Valuation of receivables*

According to the applicable accounting regulations, requirements management achieves assertions concerning the assessment of receivables at the reporting date, presenting them at the value at which they are expected to be completed

Our response concerning the risks of material misstatement relating to the management of the Group related to the valuation of such receivables at the reporting date, resulted in audit procedures whereby we tested the recognition of doubtful receivables as well as tests for the recalculation of the provisions for doubtful receivables.

- *Valuation of tangible assets*

The management's assertions regarding the valuation of tangible fixed assets can pose risks of significant material misstatements that would manifest itself in the sense of the non-provision of applicable accounting regulation to assessment in accordance with IAS 16 *Property, plant and equipment*, at the time of reporting.

Our response to these risks of misstatements regarding the valuation, meant using tests by which we observed the nature of expenditure capitalised into the cost of the upgraded asset during the year 2020. We had in mind the risks identified in accounting treatments presented by the Group in the preceding financial years in connection with the refurbishment carried out on the existing tangible asset that existed at the reporting date, and we performed procedures whereby we obtained reasonable assurance that there are no significant material misstatements with respect to these assertions.

#### *Other Information – Management Report*

- Board of Directors are responsible for compiling and presenting other information. That other information includes the Board of Directors' Report but does not include the financial statements and the auditor's report thereon.

Our opinion on individual financial statements does not cover this other information, and unless expressly stated in our report, we do not express any assurance about it.

In relation to the audit of the individual financial statements for the year ended at December, 31 2020, it is our responsibility to read that other information and, by doing so, to assess whether that other information is materially inconsistent with the financial statements or with this knowledge that we obtained during the audit whether they appear to be significantly denatured.

As far as the Board of Directors' Report is concerned, we have read and reported that it has been prepared in all significant aspects in accordance with Order of the Minister of Public Finance no. 2844/2016 for approval of the Accounting Regulations in accordance with International Financial Reporting Standards, chapter III, points 15 - 20 and chapter IV, points 26 - 28.

On the sole basis of the activities to be carried out during the audit of the financial statements, in our opinion:

- The information presented in the Board of Directors' Report for the financial year for which the financial statements have been prepared is consistent, in all significant aspects, with the financial statements;
- Board of Directors' Report has been prepared in all significant aspects in accordance with Order of the Minister of Public Finance no. 2844/2016 for approval of the Accounting Regulations in accordance with International Financial Reporting Standards, chapter III, points 15-20 and chapter IV, points 26 - 28.

In addition, based on our knowledge and understanding of the Group and its environment, acquired during the audit of the financial statements for the year ended December 31, 2020, we are required to report whether we have identified significant misstatements in the Board of Directors' Report. We have nothing to report on this issue.

#### *Other matters*

- This independent auditor's report is addressed exclusively to the shareholders of the Group. Our audit was conducted in order to be able to report to the shareholders in accordance with the reporting requirements of a financial audit, and not for other purposes. To the extent to which the law allows it, we do not accept and assume any responsibility except for the Group and its Shareholders in respect to our audit, to the report on the consolidated financial statements and the report on conformity or the opinion.
- The annexed consolidated financial statements are not meant to show the financial position, the financial performance and a complete set of notes to the consolidated financial statements in accordance to accounting regulations and principles in other countries and jurisdictions than Romania. Therefore, the annexed consolidated financial statements are not for the use of persons who are not familiar with International Financial Reporting Standards and, also, with legal regulations in Romania.

### *Responsibility of management and those responsible for governance for financial statements*

- Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Law no. 82/1991, republished, including subsequent amendments and additions, Order of the Minister of Public Finance of Romania no. 881/2012 on application by companies whose securities are admitted to trading on a regulated market of International Financial Reporting Standards and the Order of the Minister of Public Finance no. 2844/2016 for approval of the Accounting Regulations in accordance with International Financial Reporting Standards and for internal control that management deems necessary to enable it to prepare financial statements free of material misstatement, whether due to fraud or error.
- In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
- Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

- Our objectives are to obtain reasonable assurance that the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to the issuance of an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISA will always detect significant misstatement, if any exists. Distortions may be caused either by fraud or by error and are considered significant if reasonable assurance can be given that they, individually or collectively, will influence the economic decisions of users made on the basis of these financial statements.
- As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 re-

- lated to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  - We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them about all relationships and other matters that may reasonably be thought to bear with our independence and, where applicable, related safeguards.
  - 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 on Other Legal and Regulatory Requirements*

- We were appointed by the General Meeting of Shareholders at the date of April 19, 2019, as a result of a public selection of tenders in the statutory audit, for the audit of the financial statements of the Group for the financial year ended on December 31, 2020. The total uninterrupted period of our commitment is 8) years, covering the financial years from December 31, 2011 to December 31, 2020.



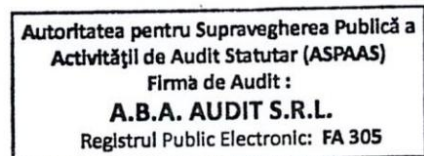
We confirm that:

- Our audit opinion is in accordance with the additional report presented to the Audit Committee of the Company, which we have issued on the same date in which we have delivered this report. Also, in the conduct of our audit, we have kept the independence regarding the audited entity.
- We have not provided the Group with prohibited non-audit services, as referred to Article no. 5 paragraph (1) of the EU Regulation No 537/2014.

Timișoara, March, 22 2021

On behalf of

A.B.A. AUDIT SRL  
1, Georg Haendel Str., Timișoara, Timiș



Registered in the Electronic Public Register with the No. FA305/23 December 2002

Dr. Dumitrescu Alin-Constantin



Registered in the Electronic Public Register with the No. AF4227/29 February 2012