

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
SEPARATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(All amounts are presented in RON)

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Translator's explanatory note: This is a free translation of the original Romanian financial statements of Tursim, Hoteluri, Restaurante Marea Neagră SA. In the event of any discrepancy between this translation and the original document, the original Romanian financial statements shall prevail.

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
Continuing operations				
<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
Total Operational Income		8	42,247,680	50,078,658
<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
Total Operational expenses		17	36,381,348	52,044,713
The result of operational activities		18	5,866,332	7,033,946
<i>Financial income</i>		19	875,092	819,801
<i>Financial expenses</i>		20	2,176	12,897

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)	
			2020	2019
Net financial result		21	872,916	806,904
Result before taxation		22	6,739,248	7,480,850

<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
Result for continuing operations		27	4,579,520	5,592,062

Other comprehensive income				
<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
Other comprehensive income after taxation		30	(3,952,106)	735,419

Total comprehensive income for the period		31	627,414	6,327,481
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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
Assets				
Non-current assets				
<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	3,646,896	4,432,209
<i>Fixtures and fittings [...]</i>	8	4	5,450,917	6,530,899
<i>Tangible assets 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	305,332
<i>Other intangible assets</i>	9	8	130,559	181,944
<i>Advance payments for intangible assets</i>	9	9	13,286	0
<i>Assets related to the rights to use leased assets (IFRS16)</i>	9	10	259,470	0
<i>Fixed receivables</i>		11	468,339	462,004
<i>Investment property</i>	8,10	12	25,513,673	29,274,302
<i>Financial assets</i>	11	13	2,000	2,000
<i>Deferred tax assets</i>	7	14	0	0
Total fixed assets		15	210,005,707	208,279,668

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
Current Assets				
<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
Total Current Assets		23	50,520,041	65,920,598
Total Assets		24	260,525,748	274,200,266
Equity				
<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)
Total Equity		36	235,747,394	244,659,979
Liabilities				
Long-term liabilities				
<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
Total Long-term liabilities		40	14.159.958	14,174,980
Current liabilities				
<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
Total Current liabilities		46	10.618.396	15,365,308
Total Liabilities		47	24.778.354	29,540,287
Total Equity and Liabilities		48	260.525.748	274,200,266

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
Balance at January 1 2019	57,894,994	85,945,333	1,895,855	105,189,642	24,201,711	16,745,901	0	54,909,088	(102,691,275)	9,823,215	(13,056,538)	240,857,925
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)
Other comprehensive income	0	0	0	3,387,024	0	0	0	0	0	0	0	3,387,024
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
Balance at 31 December 2019	57,894,994	85,945,333	1,895,855	105,671,498	28,942,320	16,745,901	(13,975)	57,814,258	(102,691,275)	5,592,062	(13,136,990)	244,659,979
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	0	0	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)
Other comprehensive income	0	0	0	0	0	0	0	0	0	0	0	0
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
Balance at 31 December 2020	57,894,994	85,945,333	1,895,855	102,065,652	20,926,925	16,745,901	(299,963)	61,420,101	(102,691,275)	4,579,520	(12,735,650)	235,747,394

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**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
= Cash flow from operating activities (A)	8	3,743,979	14,386,123
+ 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
= Cash flow from investing activities (B)	11	(3,146,929)	(5,450,853)
+ 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
= Cash flow from financial activities (C)	17	(11,455,879)	(4,909,495)
+ Cash at beginning of the period	18	31,437,052	27,411,277
+ Net Cash Flow(A+B+C)	19	(10,858,830)	4,025,775
= Cash at end of the period	20	20,578,222	31,437,052

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

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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 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

e-mail: 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.

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 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.

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 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.

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 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.).

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 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: a) Venture capital organizations 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.
IAS 29	Financial Reporting in Hyperinflationary Economies	The reconstruction of the equity and reserves.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020 (All amounts are presented in RON)

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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020 (All amounts are presented in RON)

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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020 (All amounts are presented in RON)

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:

	31 December 2020	31 December 2019
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

	Years	
	<u>2020</u>	<u>2019</u>
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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020 (All amounts are presented in RON)

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.

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020 (All amounts are presented in RON)

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).

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED AT 31 DECEMBER 2020 (All amounts are presented in RON)

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. "

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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(All amounts are presented in RON)**

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:

Indicator	Financial year ended as at 31 December 2020	Financial year ended as at 31 December 2019	Index 2020 / 2019 (%)
Turnover, including	23,101,785	48,663,596	47.47%
<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%
Income from disposed fixed assets and non-current assets held for sale	18,327,776	7,514,816	243.89%
Income from operating subsidies	90,603	0	-
Other income	727,517	2,900,246	25.08%
Total operational income	42,247,680	59,078,658	71.51%

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

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
Income from disposal of fixed assets and non-current assets held for sale	18,327,776	7,514,816

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.

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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(All amounts are presented in RON)**

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

Employee benefits expenses are presented as follows:

RON

Explanation	Financial year ended as at 31 December 2020	Financial year ended as at 31 December 2019
Salaries	10,899,265	14,683,088
<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>
Expenses with social contributions	464,968	606,697
Expenses with insurance contribution for work	243,613	330,603
Meal vouchers expenses	298,862	379,806
TOTAL	11,906,709	16,000,194

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.

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

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.

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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
1	Expenses related to inventories:	4,945,167	8,836,367
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
2	Utility expenses	1,837,344	3,074,883
3	Amortization/depreciation and impairment expenses of fixed assets	5,904,307	9,118,537
4	Expenses from disposed assets and non-current assets held for sale:	4,278,556	2,265,609
5	Other taxes, duties and similar expenses	3,400,844	4,206,628
6	External performance expenses	3,702,694	8,247,621
7	Other expenses	(44,273)	294,874
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)
	Total operational expenses (except employee benefits)	24,474,639	36,044,519

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

Starting from January 1st 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

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

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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	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

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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	F=k*x*y*z*q(RO)	43,917	4,746	3,051	36,120

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
Total revenue	25,103,087	18,463,062	43,566,149
Other non-taxable revenue	984,400	0	984,400
<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>

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Indicators	Tax profit	Specific activity tax	Total
	31 december 2020	31 december 2020	31 december 2020
Deferred income tax revenue	0	0	0
Similar revenue elements	2,326,622	174,468	2,501,090
<i>Differences in taxable revaluation of assets sold 2020</i>	<i>2,120,237</i>	<i>0</i>	<i>2,120,237</i>
<i>Depreciation of revaluation differences 2020</i>	<i>34,840</i>	<i>101,650</i>	<i>136,490</i>
<i>Taxable revaluation difference discarded assets 2020</i>	<i>171,545</i>	<i>72,818</i>	<i>244,363</i>
TOTAL TAXABLE ELEMENTS	26,445,309	18,637,530	45,082,839
Total expenses	15,817,495	23,169,134	38,986,628
Total non-deductible	2,411,652	282,627	2,694,279
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
TOTAL DEDUCTIBLE EXPENSES	13,436,133	29,911,010	36,347,143
Gross profit	11,193,312	(4,454,064)	6,739,248
Accounting profit for the legal reserve (gross profit)	11,193,312	(4,454,064)	6,739,248
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

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Indicators	Tax profit	Specific activity tax	Total
	31 december 2020	31 december 2020	31 december 2020
Net profit before granting bonus	9,075,425	(4,706,072)	4,369,354
Profit tax established on 30.09.2020 excluding the 10% bonus	2,101,668	0	2,101,668
Profit tax to be established before the bonus	(109,747)	0	(109,747)
Bonus January-September 2020 (10%)	210,167	0	210,167
Bonus quarter 4, 2020	0	0	0
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
	Total Deferred income tax at 31.12.2020	84,077,231	16%	13,452,357	(220,296)
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
	Total Deferred tax liability as at 31.12.2019	83,518,283	16%	13,362,925	190,628

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**NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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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.

Profit attributable to ordinary shareholders

RON

	31 December 2020	31 December 2019
Profit (loss) for the period	4,579,520	5,592,062
Profit (loss) for the period attributable to ordinary shareholders	4,579,520	5,592,062
Weighted average number of ordinary shares	578,949,939	578,949,939
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
Earnings per share (basic)	0,007910	0,009659
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
Weighted average number of ordinary shares (diluted)	578,949,939	578,949,939
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
Earnings per share (diluted)	0.007910	0.009659

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS
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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
Cost or assumed cost						
Balance at January 1. 2019	58,595,548	112,527,453	16,480,623	17,045,137	1,458,471	206,107,232
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)
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)
Balance at December 31. 2019	58,942,311	1000,008,575	17,260,768	17,048,694	9,295,618	202,555,922
Balance at January 1. 2020	58,942,311	1000,008,575	17,260,768	17,048,694	9,295,618	202,555,922
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)
Balance at December 31. 2020	60,843,769	108,129,071	16,030,668	13,942,684	9,955,193	208,901,386
Amortization and impairment losses						
Balance at January 1. 2019	4,118	9,301,436	11,225,442	8,198,038	0	28,729,034
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)
Balance at December 31. 2019	4,118	1,302	12,828,558	10,517,751	1,150,106	24,501,835
Balance at January 1. 2020	4,118	1,302	12,828,558	10,517,751	1,150,106	24,501,835
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)
Balance at December 31. 2020	4,118	3,480,890	12,383,770	8,491,769	1,150,106	25,510,652
Balance at January 1. 2019	58,591,430	103,226,017	5,255,181	8,847,099	1,458,471	177,378,198
Balance at December 31. 2019	58,938,193	100,007,274	4,432,210	6,530,898	8,145,512	178,054,087
Balance at January 1. 2020	58,938,193	100,007,274	4,432,210	6,530,898	8,145,512	178,054,087
Balance at December 31. 2020	60,839,651	104,648,181	3,646,897	5,450,917	8,805,087	183,390,734

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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 (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
Total revaluation reserves	102,065,653	105,671,498

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.

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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
	TOTAL INVESTMENTS without VAT	6,992,950
	VAT	1,328,660
	TOTAL INVESTMENTS including VAT	8,021,610

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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
I) Book value of intangible assets:	2,119,983	281,403	936,194	2,774,774
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)	259,470	259,470	0	0
Intangible fixed assets advances	13,286	13,286	0	0
II) Decreases (amortization):	1,489,021	137,717	936,194	2,287,498
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)	0	0	0	0
Intangible fixed assets advances	0	0	0	0
III) Net book value	630,962	0	0	487,276
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.

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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
TOTAL BUILDINGS	13,712,369	2,321,017	366,692	-15,898	153,046	15,529,546
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
TOTAL LAND	11,801,304	2,117,783	174,331	0	0	13,744,756
TOTAL	25,513,673	4,438,800	541,023	-15,898	153,046	29,274,302

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.

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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:

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 + 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
Total	541,023	0	541,023	1,172,665	0	1,172,665

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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
Long-term investments						
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
Long-term investments	2,000	2,432,010	2,434,010	2,000	2,432,010	2,434,010

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.

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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 (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%
Total	845,862	381,510	1,227,372	1,665,470	50.79%

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.

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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 (%)
1	Trade receivables from which:	501,269	1,756,560	2,257,830	524,646	95.54%
	<i>Transilvania Hotels&Travel SA</i>	0	443,593	443,593	0	0.00%
2	Other receivables total of which:	3,658,874	27,472	3,686,319	2,886,925	126.74%
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%
	Total	4,160,116	1,784,032	5,944,148	3,411,571	121.94%

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.

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NOTE 13 – RECEIVABLES (CONTINUED)

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

No	Receivables	Total at 31.12.2020	RON				
			Under 30 days	30-90 days	90-180 days	180-365 days	>1 year
1	Trade receivables from which:	2,257,830	51,495	18,072	398,839	57,571	1,731,852
	<i>Transilvania Hotels & Travel SA</i>	443,593	0	0	0	0	443,593
2	Other receivables total of which:	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
	TOTAL	5,944,148	415,499	154,977	583,256	1,002,519	3,787,897

NOTE 14 - ACCRUED EXPENSES

Accrued expenses	RON	
	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
Total accrued expenses	77,425	46,780

NOTE 15 - CASH AND CASH EQUIVALENTS

Explanation	RON		
	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%
Total	20,578,222	31,437,052	65,46%

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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
	TOTAL BUILDINGS	0	2,066,253	3,060,628	0	4,425,066	5,126,881
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

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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
	TOTAL LANDS	0	2,435,056	21,797,787	0	3,881,395	24,232,843
	TOTAL ASSETS HELD FOR SALE	0	4,501,309	24,858,415	0	8,306,461	29,359,724

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.

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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:

Shareholders' name	Percent(%)	Shares	Share capital amount(RON)
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
TOTAL	100.0000%	578,949,939	57,894,993.90

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.

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NOTE 18 - SHARE CAPITAL. REVALUATION RESERVES

RON

Explanation	31 December 2020	31 December 2019
Revaluation surplus	102,065,653	105,671,498
Total reserves, of which:	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
Total reserve	139,738,479	151,359,719

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 102,065,653 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
Retained earnings except retained earnings from the adoption of IAS 29 for the first time	61,420,101	14,236,246	17,842,092	57,814,256
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
Retained earnings came following the application of IAS 29 for the first time	(102,691,275)	0	0	(102,691,275)

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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)
Total other elements of equity	(12,735,650)	(13,136,990)

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%
-Advances collected from assets sales and rentals	5,724,599	1,040,459	0	466,680	0	0	573,779	18,18%
-Advances collected from tourist services	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%
Total	14,955,578	10,390,839	7,685,028	491,368	94,643	203,980	1,915,821	69,48%

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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:

Long-term liabilities	Liabilities at 31.12.2019	Liabilities at 31.12.2020	> 1 year
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
Total long-term liabilities	13,533,308	13,452,106	13,452,106

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.

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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:

	RON			
Explanation	31.12.2020	Installing provisions in 2020	Cancelling provisions in 2020	31.12.2019
Provisions for litigations, total of which	707,852	143,871	77,691	641,672
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
Provisions for pensions, total of which	228,257	20,072	201,545	409,730
Provisions for retirement rights	55,878	20,072	16,665	52,471
Provisions for rest leave not performed	172,379	0	184,880	357,259
Total Provisions	936,109	163,943	279,236	1,051,402

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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

Receivables		
Related parties	Financial year ended at 31.dec.2020	Financial year ended at 31.dec .2019
Transilvania Hotels&Travel SA	440,676	443,593
Balneoterapia Saturn SRL	0	116
TOTAL	440,676	443,709

Liabilities		
Related parties	Financial year ended at 31.dec.2020	Financial year ended at 31.dec .2019
Transilvania Hotels &Travel SA	50,332	191,880
Balneoterapia Saturn SRL	1,488,933	1,488,933
Transilvania Leasing & Credit IFN SA	286	0
TOTAL	1,539,551	1,680,813

In 2020 THR Marea Neagra SA performed the following transactions with related parties:

Sales		
Related parties	Financial year ended at 31.dec.2020	Financial year ended at 31.dec .2019
Transilvania Hotels &Travel SA	406,228	4,766,315
Balneoterapia Saturn SRL	0	542,703
TOTAL	406,228	5,309,018

Acquisitions		
Related parties	Financial year ended at 31.dec.2020	Financial year ended at 31.dec .2019
Transilvania Hotels and Travel SA	150,332	656,572
Balneoterapia Saturn SRL	0	1,703,528
Transilvania Leasing & Credit IFN SA	49,164	0
TOTAL	199,496	2,360,100

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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.

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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.

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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>	Note	Book value	Under 6 months	Between 6and 12 months	Over 1 year	Indefinite maturity
Assets						
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
Total assets		260,661,732	25,222,228	170,642	0	235,132,878
Liabilities						
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	
Total liabilities		24,778,354	8,270,339	2,119,801	300,653	14,087,562
Liquidity surplus in the period		235,747,394	16,951,889	-1,949,158	-300,653	221,045,317
Cumulative liquidity surplus		235,747,394	16,951,889	15,511,678	14,702,078	235,747,395

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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>	2020	2019
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
Net liabilities indicator	(231,547,263)	(246,556,743)

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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:

- | | |
|---|------------------|
| • To the legal reserve according to art. 183 of the Commercial Companies Act 31/1990, republished | 336,962.00 RON |
| • Distribution to other reserves | 210,498.60 RON |
| • Distribution of dividends to shareholders (gross dividend/share= 0.0073 RON) | 4,032,059.41 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