



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

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

Facsimil: +40-241-755-559

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

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

Website: www.thrmareaneagra.ro

The Report To THR Marea Neagră SA Board of Directors related to the individual financial situations drawn up for the year 2021

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

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

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

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

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

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

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

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

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

1. ANALYSE OF THE COMPANY ACTIVITY

1.1. a) Description of the main activity

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

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

b) Date of the Company's establishment

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

THR Marea Neagră SA has as management form a two-tier system, the administration of the company being realized in the year 2021 by the Board of Directors.



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c) Description of significant mergers and reorganizations

In the year 2021, no mergers or reorganizations have taken place.

d) The description of purchases and/or assets alienations

In the year 2021, THR Marea Neagra SA concluded with the company Atinumul SRL a bilateral promise to sell for the sale of the share of 50% of the asset Meteor Hotel in Eforie Nord, based on which it was also made the integral payment of the sale price. We mention that at that moment it could not be made the sale-purchase of the indivisible share, taking into account that there were some legal issues that obstructed the effecting of a catastrophe and registration on the 50% share.

In February 2021 was made the notarial conclusion and authentication of the sale-purchase contract of the 50% share of the asset Meteor Hotel (building) in Eforie Nord.

Besides this asset, in the year 2021 it was also sold a land in Sat Vacanță Dunărea of 1.038 sm and a vehicle DAC-Roman.

1.1.1. Elements of general assessment:

- | | |
|------------------------------|---|
| a) Total incomes : | 120.473.334 lei |
| b) Total costs | 59.019.708 lei (excluding current, postponed corporate tax, specific tax, for a total amount of 10.324.781 lei); |
| c) Gross profit: | 61.453.625 lei lei |
| d) Turnover: | 45.893.102 lei |
| e) Available in the account: | 10.468.441 lei. |
| f) Export: | it is not the case |

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

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

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

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



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

1.1.2. Assessment of the trade Company's technical level

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

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

In the year 2021, THR Marea Neagra SA operated in direct management a number of 4856 places of accommodation and 4254 places of public food, located in the tourist resorts on the Romanian coast of the Black Sea in units classified in category 4 *, 3 * and 2 *.

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

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

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

b) Income structure by main service categories:

Indicators	BVC 31.12.2021 (lei)	Accomplished 31.12.2021 (lei)	Accomplished 31.12.2020 (lei)	Performed index 31.12.2021/ BVC 31.12.2021	Performed index 31.12.2021/ realizat 31.12.2020	Total revenue weights (%)		Total weights Turnover (%)	
						Accomplished 2021	Accomplished 2020	Accomplished 2021	Accomplished 2020
Total incomes (including the revenues from cancellation of provisions)	56.393.900	120.473.334	43.566.148	213,63%	276,53%				
Turnover, whereby:	46.258.900	45.893.102	23.101.785	99,21%	198,66%	38,09%	53,03%		
- Accommodation	27.000.000	25.328.182	11.861.320	93,81%	213,54%	21,02%	27,23%	55,19%	51,34%
- Public catering	13.500.000	12.261.524	5.973.277	90,83%	205,27%	10,18%	13,71%	26,72%	25,86%
- Rents	2.946.000	5.422.965	3.485.443	184,08%	155,59%	4,50%	8,00%	11,82%	15,09%
- Treatment	2.400.300	1.538.909	1.145.671	64,11%	134,32%	1,28%	2,63%	3,35%	4,96%



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Indicators	BVC 31.12.2021 (lei)	Accomplis hed 31.12.2021	Accomplis hed 31.12.2020	Performed index 31.12.2021/ 31.12.2020	Performed index 31.12.2021/ 31.12.2020	Total revenue weights (%)		Total weights Turnover (%)	
Other revenues included in the turnover	412.600	1.341.522	636.074	325,14%	210,91%	1,11%	1,46%	2,92%	2,75%

Total incomes, registered by the company in the financial exercise 2021, are worth **120,473,334 lei**, knowing **an increase of 176,53%** compared to the total revenues of the year 2020 (43.566.148 lei) and **an increase with 113,63% compared to the approved budget** for the year 2021. Despite a season start marked by the Covid pandemic, low temperatures and constant rains, few tourists, a generalized dropping of prices by the concurrent accommodation units, the incomes from accommodation and public food were realized in a share of 93,81% respectively 90,83%. The revenues were realized although Diana and Raluca hotels were rented at the start of 2021 season whitouht the corresponding modification of BVC. Also, despite a spring marked by reduced temperatures and constant rains that slowed down a lot the works of exterior decoration at the THR Marea Neagră SA objectives, is was realized the opening of all accommodation and public food units at the date of 1st of June 2021, the only major delay being at Cleopatra pool- mostly registered in a period with a reduced occupation degree of the hotel.

An important share of total revenues is represntes by the accommodation revenues (25.328.182 lei), in percentage of 21.02% and revenues from publice food (12.261.524 lei), in percentage of 10,18%.

Within the total revenues of the year 2021, **the turnover** totals **45,893,102 lei**, which represents a **realization of 98,66%** compared to the turnover of the previous year (23.101.785) **and a realization of 99,21%** compared to the approved budget for 2021.

The revenues that compose the turnover in 2021 were obtained from the following activities:

- Accommodation;
- Public food service;
- Rents;
- Treatment
- Other additional incomes – services: parking, swimming pools,rentals of beach chairs etc.

The largest weight in the turnover structure is represented by the revenues from the accommodation activity – 55,19%.

The revenues from the public catering accounted for 26,72% of the turnover, and the revenues from the rental activity registered a weigth of 11,82% and the revenues from treatment register a weight of 3,35%.



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The "Other revenues" reflected in the turnover, achieved by carrying out secondary activities such as parking, swimming pools, rentals of beach chairs etc. totaled 1,341,522 lei, namely a weight of 2,92%.

c) New products envisaged and their stage of development

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

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

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

- facilities for families with children;
- the program "Early registrations";
- capping at maximum 18% of sales commissions to agencies against the agreement rates;
- non-commissioning of public catering services by the beneficiary, for which the provider granting a commission of 12%;

Special offers have been launched to boost sales of service packages: "Zile gratuite de vacanță", 'Last minute', Offers for Seniors, Spa Offers, Easter & 1 May Offers, Rusalii Offers, Extra-season offers, offers for the stimulation of online sales, special offers for the month September, participation in programs promoted by employers' organizations in tourism ('Litoralul pentru toți').

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

1.1.3. Assessment of the technical-material supply activity

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

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



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

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

Regarding the security of the sources of supply, we specify that all the raw materials purchased are accompanied by certificates of conformity, guarantee certificates, technical data sheets.

The stocks of raw materials and materials for the operational activity are minimal, considering that the main activity of the company, the activity of providing tourist services, is carried out during the summer season.

1.1.4. Assessment of the sales activity

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

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

In 2021, compared to the BVC and the achievements of the previous year, the tourist circulation is presented as follows:

Explanation	CNPP	Tourism agencies	Other beneficiaries	Own account + online	TOTAL
Performed on the date of 31 December 2021	62.903	123.623	9.473	79.128	275.127
BVC on the date of 31 December 2021	73.640	199.318	10.400	33.248	316.606
Differences Performed on the date of 31 December 2021/ BVC on the date of 31 Decembrie 2021	(10.737)	(75.695)	(927)	45.880	(41.479)
Percentage performed 31 Decembrie 2021/ BVC 31	85%	62%	91%	238%	87%



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Explanation	CNPP	Tourism agencies	Other beneficiaries	Own account + online	TOTAL
Decembrie 2021					
Performed on the date of 31 Decembrie 2021	64.063	54.730	2.768	24.624	146.185
Differences performed 31.12.2021/ Performed 31.12.2020	(1,160)	68,893	6,705	54,504	128,942
Percentage performed 31.12.21/ Performed 31.12.20	98%	226%	342%	321%	188%
Weights in the structure on the date of 31.12.2021	23%	45%	3%	29%	100,00%
Weights in the structure on the date of 31.12.2020	44%	37%	2%	17%	100,00%

As you can see, in 2021 there was a tourist circulation of 275,127 tourist days, representing a decrease compared to the budgeted indicator by 13%. The decrease was mainly determined by the crisis generated by COVID-19.

From the analysis of the tourist circulation, we notice:

- The treatment contract concluded with the National House of Public Pensions (CNPP) ensured in 2021 a tourist circulation of 62,903 tourist days, with 10,737 tourist days less than the budgetary provision and with 1,160 tourist days less than achieved in 2020. This decrease is due to the decrease of the number of places auctioned by CNPP on resorts and because the COVID-19 crisis.
- The tourist circulation through the travel agencies decreased in 2021 with 75,695 tourist-days compared to the budgetary provision registered and an increase with 68,893 tourist-days compared to the year 2020.
- The company also signed agreements with other beneficiaries (trade unions, associations, etc.), based on which a tourist circulation of 9,473 tourist days was made, compared to 10,400 budgeted tourist days, which represents a decrease of 9 % compared to the budgetary provisions
- The segment of own and online sales registered an increase with 45,880 tourist days compared to the budgeted provision.

In the coming years we will continue to consider adapting the tariff and contracting policy to the market requirements, creating incentive conditions for tour operators, granting volume discounts, facilities for families with children, the policy for Early Registration, giving up of commissions to stimulate the sellers and create advantages when selling the public food services. We will pay more attention to the online sales segment.

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



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

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

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

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

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

The tourist products of T.H.R. Marea Neagră S.A. have a national distribution area, being available on all distribution channels (travel agencies, websites, direct sales, etc.). As a result, the disappearance of a partner will not significantly affect the distribution of the tourist product.

Share of each distribution channel in total year 2021:

Explanations	CNPP	Tourism agencies	Other beneficiaries	Own account and Online	TOTAL
<i>Tourist days 2021</i>	<i>62.903</i>	<i>123.623</i>	<i>9.473</i>	<i>79.128</i>	<i>275.127</i>
Weight in total 2021 (%)	23%	45%	3%	29%	100%

An important weight in the sale of tourism products is represented by the tour operators, with 45% of the total tourist days performed in 2021.

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

α) Regarding human resources in 2021, compared to 2020, the evolution is as follows:



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Crt. No.	Indicator	Number on the date of 31.12.2021	Average number in 2021	Average number in 2020
A	Permanent personal number whereby:	45	85	94
	<i>a)Tesa Personnel</i>	<i>25</i>	<i>34</i>	<i>33</i>
	<i>b)Operational personnel</i>	<i>20</i>	<i>51</i>	<i>61</i>
B	Seasonal personal number (exclusively day laborers)	3	187	153
	Total personnel	48	272	247

Compared to 2020, in 2021 there is an increase of the medium number of season personnel, due to the early opening of the accommodation units and public food.

In what concerns the permanent personnel at 31.12.2021, it is decreasing with 47.06% as consequence of restructuring the permanent personnel maintained also extra season.

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

Nr. crt.	Indicator	2021	2020	Index 2021/2020 (%)
1	Gross salary expenses (less the salaries of the members of the Administration Board and of the directors with a mandate) (lei)	13.315.651	9.560.101	139,28%
2	Average number of employees	272	247	110,12%
3	Turnover (lei)	45.893.102	23.101.785	198,66%
4	Labor productivity (lei / employee)	168.724,64	93.529,49	180,40%
5	Average gross monthly salary (lei)	4.077,60	3.219,17	126,67%
6	Average gross salary per economy (lei)	5.380,00	5.429,00	102,50%
7	Minimum gross salary per economy (lei)	2.300,00	2.230,00	103,14%

Expenditures on gross salaries, being affected by the increase in the level of the minimum gross salary per economy from 2,230 lei to 2,300 lei, have increased with 39,28% because of bonuses and overtime hours afferent to the activity of the operational personnel and to the increase of the average number of employees.

Regarding the efficiency of human resources utilization measured by labor productivity, it registers in 2021 an increase compared to 2020 by 80,40% due to the increase in volume and period of activity.

Compared to the level of the average gross salary per economy of 5,380 lei, the level of the average gross salary registered by the company is 4,077.60 lei and represents 75.79%.



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

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

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

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

In 2021, the Company didn't face any litigation generated by the non-observance of the environmental legal regulations.

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

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

- measures were taken to protect against COVID-19, offering a special attention for the tourists' accommodation, connected services and also tourist-tourist, personnel-tourist and personnel-personnel interaction;
- there were acquired dozers for disinfectants, stickers with clear signs, alcohol-based disinfectants, gloves, masks etc.

2. FINANCIAL AND ACCOUNTING STATEMENT

In 2021, T.H.R. Marea Neagră S.A. had the accounting organized according to OMF 881/2012 and OMF 2844/2016 to approve the accounting regulations conforming to the International Financial Reporting Standards.

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



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In accordance with the mentioned regulations, the financial statements were audited in the year 2021 by the audit firm BDO Audit S.R.L. of Timișoara, based on the service agreement no. 134/6791/05.05.2021.

2.1.SITUATION OF FINANCIAL POSITION

The dynamic situation of the main assets at 31.12.2021, in comparison with the similar elements of the years 2020 and 2019, is presented as follows:

ASSET	Value on the date of 31.12.2021(lei)	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019(lei)	Variation 2021/2010 (%)	Weight 2021 in total assets (%)
Tangible assets	260.830.891	183.390.733	178.054.087	142,23%	63,48%
Intangible assets	650.675	630.963	487.276	103,12%	0,16%
Real estate investments	134.089.147	25.513.673	29.274.302	525,56%	32,63%
Financial assets	0	2.000	2.000	0,00%	0,00%
Long-term receivables	89.893	468.339	462.004	19,19%	0,02%
TOTAL FIXED ASSETS	395.660.606	210.005.707	208.279.668	188,40%	96,30%
Inventories	728.650	845.862	1.665.470	86,14%	0,18%
Trade receivables	734.805	501.269	524.646	146,59%	0,18%
Other receivables	3.131.456	3.658.847	2.886.925	85,59%	0,76%
Cash availability	10.468.441	20.578.222	31.437.052	50,87%	2,55%
Assets classified as held for sale	85.916	24.858.415	29.359.724	0,35%	0,02%
Expenses registered in advance	68.848	77.425	46.780	88,92%	0,02%
TOTAL OF DEPRECIATION OF CURRENT ASSETS	15.218.117	50.520.041	65.920.598	30,12%	3,70%
TOTAL OF ASSET	410.878.723	260.525.748	274.200.266	157,71%	



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Within the assets of the company, the largest share is held by the **fixed assets (96,30%)**.

On the date of 31.12.2021, tangible assets which represent 63,48% of the total assets, register an increase with 42,23% compared to 31.12.2020. The increase is owed mainly to:

-differences from the reassessment of buildings and lands in amount of 85.890.387 lei, reduced with the value of depreciation in amount of 7.103.235 lei,

-reception of construction works, equipments as tangible assets, acquisition of assets building Atelier Mecanic and Atelier Tamplarie in Grup Gospodăresc Saturn, in the amount of 10.764.435 lei

-entries of tangible assets (Cămin Personal nr.3 in Saturn (building and afferent land) consequence of its derecognition from the asset owned for sale and tangible assets in the amount of 1.219.256 lei decreased with the outputs in amount of 8.514.762 lei resulted from the reclassification of some tangible assets in real estate investments (Raluca-Orion complex-building and land, Diana hotel- building and land, Pelican restaurant- building and land, Sulina restaurant- building and land, Vraja Marii restaurant-building, Magura Complex-building).

At the date of 31.12.2021, at intangible assets, which represent 0.16% of the total assets, we see an increase of about 3.12% compared to 31.12.2020, owed to the acquisition in financial leasing of a vehicle brand Hyundai which, according to IFRS 16 Leasing Contracts and to the requirements OMFP 2844/2016 they must not be acknowledged as means of transport but as “Assets afferent to the rights of using the assets taken in leasing” and treated as intangible assets, owed to the acquisition of 56 Microsoft Windows licences for the computers of the company, licences SW Visionline Basic at Hotel Narcis and Hotel Aida for the hotel access system type Vingcard Flex, of a licence PMS Oracle Hospitality Opera Multiproperty and a licence Opera Lite at Hotel Aida, an annual licence Antivirus Eset Endpoint protection for 113 stations, creation and development of a new website of THR, creation of interfaces Opera Oracle Hospitality Key services system Vingcard at 6 hotels (H Sirena, H Cleopatra, H Bran-Brad, H Narcis, H Aida and H Siret) .

At the indicator Real Estate investments, representing 32.63% of the total assets, we see an increase with 425.56% compared to 31.12.2020, mainly owed to the differences in reassessment (69.370.660 lei), inputs consequence of classification of a significant number of assets in Tangible assets, assets pending execution and Assets held for sale in Real Estate Investments (rented assets)- (Raluca-Orion Complex- Building and land in area of 13.946 sm, Diana Hotel- Building and land in area of 5461 sm, Măgura Complex-building, Sulina Restaurant- Building and land in area of 6.547 sm, Vraja Mării Restaurant –building and Pelican Restaurant- Building and land in area of 3.213 sm, Grup Gospodăresc Jupiter (buildings and afferent land), Popas Turistic Saturn (buildings and afferent land), Minerva Restaurant (building and afferent land), land 539 sm in Venus).



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

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

Facsimil: +40-241-755-559

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

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The **long-term receivables, which represent 0,02% of the total assets**, have decreased with 80,81% compared to 31.12.2020, owed to the depreciation of receivables older than 1 year with the amount of 393.571,57 lei, representing cautions afferent to some files with Mangalia City Hall and for which steps will be taken in the year 2022 to recover them.

At the **FLOATING ASSETS, representing 3.70%** of the total company assets, it is seen a **decrease** compared to the level realized at 31.12.2020, with 69,88% mainly owed to:

- the diminution of stocks due to the reception and unloading of materials made available to the manufacturers;

- the diminution of the Assets classified as owned for sale with the sum of 24.772.499 lei, representing the accounting value of the assets sold in 2021 (share of 50% of the Meteor Hotel-building), of the assets reclassified as Real Estate investments (Sulina restaurant-building and land, Pelican Restaurant-building and land, Măgura complex-building, Grup Gospodăresc Jupiter- building and afferent land, Popas Turistic Saturn-buildings and afferent land, Minerva Restaurant- building and afferent land, land 539 sm in Venus) and with the reassessment difference resulted after the reassessment of the asset Rapsodia Restaurant;

- the diminution of the Cash availabilities with 50.87% compared to 31.12.2020 owed to the distribution and payments in the month August 2021 of dividends in amount of 3.774.092,85 lei, installments at the investments credit concluded with Transilvania Leasing și Credit IFN SA in amount of 601.813,88 lei, payments to providers of investments in amount of 16.335.633 lei without VAT (construction works, equipment such as tangible assets and materials such as inventory objects, advances), guarantee returns to the fired keepers, payment of tax on profit at 30.09.2021 in amount of 459.285 lei, payment to Eforie City Hall of the amount of 1.653.010,79 lei resulted from the execution file no.5557/2021, payment to Mangalia City Hall of the amount of 4.009.869 lei resulted from the file no.264/36/2015 and payment to Mangalia City Hall of the amount of 815.358,50 lei resulted from not granting in the year 2021 of the discount of 50% for the tax on buildings and land for the assets that functioned less than 6 months.

In the table below the claims are presented as of 31.12.2021 as compared to 31.12.2020:

Crt. No.	Claims	Net claims on the date of 31.12.2021	Impairment adjustments on the date of 31.12.2021 (lei)	Claims on the date of 31.12.2021 (lei)	Net claims on the date of 31.12.2020 (lei)	Net debt variation 31.12.2021 31.12.20 (%)
1	Commercial claims	734.805	2.276.713	3.011.518	501.269	146,59%
2	Diverse debtors and other receivables	123.130	0	123.130	245.490	50,16%
	Total financial assets, others than cash, classified as loans and receivables	857.935	2.276.713	3.134.648	746.759	114,89%



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3	Other receivables from the state budget	2.980.846	842.829	3.823.675	3.375.221	88,32%
4	Claims concerning the employees	27.480		27.480	34.887	78,77%
5	Anticipated payments (advances)	0	0	0	3.250	-
	TOTAL	3.866.261	3.119.542	6.985.803	4.160.117	92,94%

The claims of the Company are composed by:

-commercial debts, represented by tourism services and other services provided by THR Marea Neagra to third parties, in sum of 3.011.518, which were adjusted with the amount of 2.276.713 lei representing claims older than 1 year, afferent to services provided to Rugby Club Constanța, Marea Comtur, Transilvania Hotels & Travel S.A., Sind Tour Operator, Ager Construct, Remat Sud Mangalia, Cuemjiev Ioan, Dumitras Florenta, Gorj Turism, Inter Tour Bacau, Sind Gaz, Media Class;

- Receivables from the state budget mainly represented by VAT to be recovered in the sum of 2.052.808,88 lei of which for the sum of 566.556 lei current profit tax, VAT non-chargeable afferent to the bills of the providers in sum of 332,385 lei, tax on buildings and land in amount of 815,358 lei paid to Mangalia City Hall in addition for not granting in 2021 the discount of 50% for taxes afferent to assets functioning less than 6 months;

-different debtors in the sum of 123.130 lei represented mainly by advances paid to service providers for the unbilled services, social receivables representing Sick Holidays supported by the House of Social Insurances

-claims concerning the employees, in amount of 27,480 lei representing imputations;

In 2021, the liabilities positions had the following evolution:

LIABILITY	Value on the date of 31.12.2021 (lei)	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Variation 2021/2020 (%)	Weight 2021 in total liabilities (%)
Subscribed and paid capital	57.600.849	57.894.994	57.894.994	99,49%	14,02%
Share capital adjustment following IAS 29 application	85.945.333	85.945.333	85.945.333	100,00%	20,92%
Share premiums	1.895.855	1.895.855	1.895.855	100,00%	0,46%
Legal reserves and other reserves	24.210.105	20.926.925	28.942.320	115,69%	5,89%
Legal reserves and inflated reserves following first-time application of IAS 29	16.745.901	16.745.901	16.745.901	100,00%	4,08%
Differences from the reassessment	194.982.160	102.065.653	105.671.498	191,04%	47,45%
Own shares and Losses related to the sale / cancellation of equity instruments	(4.329)	(299.963)	(13.975)	1,44%	0,00%
The result carried forward with the exception of the carried forward result	57.241.623	61.420.101	57.814.255	93,20%	13,93%



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LIABILITY	Value on the date of 31.12.2021 (lei)	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Variation 2021/2020 (%)	Weight 2021 in total liabilities (%)
from the first adoption of IAS 29					
The result carried forward from the first adoption of IAS 29	(102.691.275)	(102.691.275)	(102.691.275)	100,00%	-
Other equity elements	(30.904.868)	(12.735.650)	(13.136.990)	242,66%	-
Exercise result	51.128.844	4.579.520	5.592.062	1116,47%	12,44%
TOTAL OWN CAPITALS	356.150.196	235.747.394	244.659.979	151,07%	86,68%
TOTAL DEBTS whereby:	54.728.527	24.778.354	29.540.287	220,87%	13,32%
Medium and long-term debts	9.959.294	10.618.396	15.365.308	93,79%	2,42%
Short-terms debts	44.769.232	14.159.958	14.174.980	316,17%	10,90%
TOTAL LIABILITY	410.878.723	260.525.748	274.200.266	157,71%	100,00%

Within the liabilities elements, the largest share is held by the equity (86,68%), the share capital representing 14,02% of the total liabilities of the company.

The equity on the date of **31.12.2021**, increased by 51,07% compared to the equities at **31.12.2020**, due to the increases / reductions on each liability item:

- **subscribed and paid capital** in total amount of **57,600,849 lei** with a percentage diminution by 0,51% and in absolut value with 294,145 lei compared to 31.12.2020, the reduction representing the value of a number of 2.941,452 shares redeemed by THR within the program Stock Option Plan, acquired initially for the distribution free of charge to administrators directors and employees of the company in view of making more efficient their activity, according to AGEA no. 1 at 22.10.2019, and which destination was changed in AGEA at 05.10.2020 in "**the reduction of capital by the annulemt of own shares**", fact concretized at the end of February 2021
- **Legal reserves and other reserves**, in a total amount of **24,210,105 lei**, with an increase compared to 2020 (**20,926,925 lei**) with 15,69%, an increase due to the distribution on legal reserves of the amount of 210,498.72 lei of the net profit of year 2020 and the repartition on legal reservsed of the amount of 3,072,681 lei of the net profit of year 2021;
- **Differences from the reassessment of the assets** of the company in the amount of **194,982,160 lei**, which compared to the balance registered on 31.12.2020, knows an increase by **91,04%** on account of the revaluation for establishing the fair value at 31.12.2021 of the lands and constructions from the patrimony of the company. The reassessment was effected by **PricewaterhouseCoopers Management Consultants S.R.L.** To be mentioned, there were lands to which the value 0 was declared as fair value, the reason being they are not marketable (Free land area Tosca



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complex in area of 5.435 sm, Free land for exchange- Sirena area in area of 3.140 sm, Sera de Flori Land (Callatis) – parcel 1 in area of 2059 sm, Free land Tosca Hotel+ Semiramis in area of 5216 sm, land of Ancora Hotel in Ef.Sud in area from documents of 1097 sm, land CT Brates in Venus in area of 149 sm not registered, land Venus parcel 4 Cocorul in area of 539 sm, area of technical office Eforie Nord in area of 197 sm, land substation no. 152 in area of 60 sm not registered).

- **The result carried over** in the amount of **57,241,623 lei** balance representing the surplus realized from revaluation reserves related to the sold assets and the disposals. Compared to the balance of the financial year 2020 there is an decrease with **4,178,478 lei** representing the surplus realized from reserves from reassessment related to the assets sold and disposed of in the financial year 2021. **The result would have been bigger, but it is reduced with the amount of 5,119,339.53 lei** representing accounting errors afferent of the previous years and corrected in the year 2021 and formed by 3.509,911 lei as consequence of the tax control concerning the taxes on profit and local taxes for period 2008-2012 effected by Mangalia City Hall, of which resulted additional taxes (debit) in amount of 4,009,869 lei of which it was registered on the expense of the year 2014 the amount of 499,957.20 lei and from 1,609,427.73 lei as consequence of the tax control concerning the taxes on profit and local taxes for period 2015-2019 effected by Eforie City Hall, of which resulted additional taxes in total amount of 1,652,783.79 lei of which 53,356.06 lei representing accessories of the year 2021, there were registered on the expense of the year 2021.
- **The net result of the exercise** amounting to **51,128,844 lei** knew a significant increase compared to the one of the year 2020 (4,576,520 lei) with 1016,47% , increase owed to incomes from the revaluation of Real estate investments (rented assets).

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

The debts on the date of 31.12.2021, excluding provisions, compared to 31.12.2020, structured according to their nature and according to their requirements, are presented in the following table:



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No. Crt.	Current debts	Debts at 31.12.2020	Debts at 31.12.2021	under 30 days	30-90 days	91-180 day	181-270 days	270-365 days	Variation 31.12.2021/ 31.12.2020
1	Sums owed to credit institutions	1.273.484	6.859.283	88.999	1.642.786	272.949	276.852	281.471	4.296.227
2	Commercial debts	1.735.552	178.525	175.593	2.932	0	0	0	0
3	Providers of fixed assets	400.156	408.357	408.357	0	0	0	0	0
4	Debts with the personnel	518.185	301.441	301.441	0	0	0	0	0
5	Other debts	3.879.264	3.803.747	3.236.615	78.022	134.376	101.953	35.277	217.504
6	Other taxes and social contributions	13.584.099	39.092.341	185.082	0	342.989	0	0	38.564.270
7	Dividends to pay	1.234.018	1.480.542	1.480.542	0	0	0	0	
8.	Advances from clients	1.218.188	684.803	0	330.185	0	110.024	243.594	
	TOTAL CURRENT DEBTS	23.842.946	52.809.039	5.876.629	2.053.925	750.314	489.829	560.342	43.078.001

lei

The debts in structure are presented in continuation:

-debts to credit institutions in total amount of 6,859,283 lei, representing a credit type overdraft obtained based on the contract no. DCCM 660/177/11 May 2009 from Banca Comercială Română extended by the Addendum no. 12 at 17 November 2021 until 28 November 2022, whose limit is of 5,000,000 lei and of which it was consumed at the date of 31.12.2021 the amount of 1,461,097 lei and 4 credits for investments contracted with Transilvania Leasing și Credit IFNS SA in total amount of 6,000,000 lei on a period of 5 years, of which it must be reimbursed at 31.12.2021 the amount of 5,398,186 lei;

-commercial claims to providers of goods, materials services, utilities in amount of **178,525 lei**;

-debts to providers of fixed assets of which the highest sum is represented by the debts billed and not accepted to ALCON SRL (355,697.69 lei);

-debts to the personnel in amount of **301,441 lei** composed by the salary rights and transport personnel afferent to the month December in amount of 129,958 lei, salaried not taken in amount of 52,194 lei and guarantees for keepers in amount of 119,288 lei;

-other debts in amount of **3,803,747 lei** at 31.12.2021 composed by guarantee of good execution assets providers (590,973 lei), guarantess cashed from tenants in amount of 647,241 lei, instalments capital financial leasing Transilvania Leasing și Credit IFN SA (245,405 lei), a part of the accessories calculated by Mangalia City Hall in the file no. 254/36/2015 and recognized by the company and registered on expenditures in the year 2014 and value of the work situations made by ALCON SRL within the investment from Diana Hotel and not recognized by the technical department of THR Marea Neagră SA (1.530.177 lei).



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-other taxes and social contributions in amount of **39,092,341 lei** composed by contributions and taxes afferent to salary rights for December (185,075 lei), specific tax afferent to semester II 2021 in amount of 342,989 lei and postponed tax on oncome in amount of 38,564,270 lei (noncheagable claim that will be recognized as payable claim, during the depreciation or the fixed assets exiting the patrimony).

-dividends to pay afferent to the period 2015-2020 in amount of 1,480,542 lei

-advances cashed for tourism services that will be provided in the year 2022 and advances afferent to the promises to sale of assets Rapsodia restaurant-building, afferent land Ancora Hotel, Sanitary Groups Meduza.

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

No. Crt.	Explanation	31 December 2021 (lei)	Creation of provision until 31.12.2021 (lei)	Anullment of provision until 31.12.2021 (lei)	31 December 2020 (lei)
1	Provisions for total litigations, of which:	1.691.231	983.379	0	707.852
	<i>Carja Vasile - File.3093/118/2016 – claims cval improvements brought to Flora villa before its restitution to THR</i>	<i>1.453.478</i>	<i>898.966</i>	<i>0</i>	<i>554.512</i>
	<i>Court. of Constanta Trial expenses representing lawyer honorary of Eforie City for the file 8013/118/2017 in which THR tried to annul a layland tax</i>	<i>3,570</i>	<i>0</i>	<i>0</i>	<i>3.570</i>
	<i>Monica Saturn - File nr.3208/254/2019 – lack of using the space which covers the sea water pump (Bufet Aida)</i>	<i>41,200</i>	<i>0</i>	<i>0</i>	<i>41.200</i>
	<i>Alcon SRL - File no. 8002/118/2020 – Penalties bills</i>	<i>99,101</i>	<i>0</i>	<i>0</i>	<i>99.101</i>
	<i>City Hall of Eforie city – taxes and accessories calculated additionally as consequence of fiscal control, contested by THR</i>	<i>9,469</i>	<i>0</i>	<i>0</i>	<i>9.469</i>
	<i>Work litigations with the former employees</i>	<i>84.413</i>	<i>84.413</i>		<i>0</i>
2	Provisions for the employees' benefits, total of which:	228,257	0	0	228.257
	<i>Provisions for retirement rights</i>	<i>55,878</i>	<i>0</i>	<i>0</i>	<i>55.878</i>
	<i>Provisions for not-effected Holidays</i>	<i>172,379</i>	<i>0</i>	<i>0</i>	<i>172.379</i>
	TOTAL PROVISIONS	1.919.488	983.379	0	936.109

In the year 2021, the following provisions were constituted:

-supplementary provision, afferent to the litigation in the file no. 3093/118/2016 with the amount of 898,966 lei until the concurrence of the amount of 1,453,478 lei representing the estimated value of the litigation.

-provision for litigations in work in amount of 84,413 lei, representing gross salaries claimed by former employees.



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2.2.THE FINANCIAL EXERCISE RESULT 2020

The revenues and expenses realized in 2021, in relation to BVC 2021 and to the achievements of 2020, are presented as follows:

Indicators	BVC 2021 (lei)	Accomplished 2021 (lei)	Accomplished 2020 (lei)	Accomplished 2019 (lei)	Index 2021/ BVC 2021 (%)	Index accomplished 2021/ accomplished 2020(%)
Total operating income whereby:	56.313.900	117.460.954	42.691.057	59.190.586	208,58%	275,14%
Accommodation activity	27.000.000	25.328.182	11.861.320	30.471.444	93.81%	213,54%
Public catering activity	13.500.000	12.261.524	5.973.277	14.399.840	90.83%	205,27%
Rental activity	2.946.000	5.422.965	3.485.443	1.616.195	184.08%	155,59%
Other revenues included in the turnover (parking, swimming pool, over commission, rental of beach chairs etc.)	412.600	1.341.522	636.074	477.645	325.14%	210,91%
Balnear treatment	2.400.300	1.538.909	1.145.671	1.698.472	64.11%	134,32%
Incomes from exploitation subventions	0	73	90.603	0	0,00%	0,08%
Other incomes (fixed production, adjustments, cancellation of provisions, fines, penalties, etc.)	55.000	70.688.288	1.170.893	3.012.174	128524,16%	6037,13%
Active sales activity	10.000.000	879.491	18.327.776	7.514.816	8,79%	4,80%
Total Operating expenses whereby:	47.248.900	58.801.786	36.824.724	52.156.641	124,45%	159,68%
Expenses with goods	4.185.000	4.065.219	1.995.131	4.536.647	97,14%	203,76%
Expenses with materials	1.593.000	1.703.356	2.055.337	2.630.312	106,93%	82,87%
Expenditures on materials of the nature of inventory items	750.000	1.856.724	892.306	1.669.407	247,56%	208,08%
Utility expenses	3.685.000	3.313.599	1.837.343	3.074.883	89,92%	180,35%
Expenses with external benefits	5.062.200	9.703.136	4.908.503	9.290.245	191,68%	197,68%
Advertising and protocol expenses	50.000	353.067	47.085	50.864	706,13%	749,85%
Expenses with other taxes and fees	4.359.800	2.806.947	3.013.238	3.735.112	64,38%	93,15%
Expenses with pro rata VAT	400.000	220.876	387.605	471.516	55,22%	56,98%
Expenses with employees	14.776.900	14.432.709	10.567.545	14.853.879	97,67%	136,58%
Depreciation and amortization expenses	6.720.000	14.142.910	5.904.307	9.118.537	210,46%	239,54%
Other operating expenses	617.000	5.740.805	444.648	406.802	930,44%	1291,09%
Expenses with assigned assets and assets held for sale	5.050.000	462.438	4.771.679	2.318.435	9,16%	9,69%
OPERATING RESULT	9.065.000	58.659.168	5.866.333	7.033.946	647,10%	999,93%
Financial income	80.000	3.012.380	875.092	819.801	3.765,47%	344,24%
Financial expenses	360.000	217.922	2.176	12.897	60,53%	10015,22%
FINANCIAL RESULT	481.120	872.916	806.904	(1.920.723)	181,43%	
TOTAL INCOME	52.752.520	43.566.148	60.010.387	63.931.471	82,59%	
TOTAL EXPENSES	45.506.290	36.826.900	52.169.537	52.628.415	80,93%	



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Indicators	BVC 2021 (lei)	Accomplished 2021 (lei)	Accomplished 2020 (lei)	Accomplished 2019 (lei)	Index 2021/ BVC 2021 (%)	Index accomplished 2021/ accomplished 2020(%)
GROSS RESULT	8.785.000	61.453.625	6.739.248	7.840.850	699,53%	911,88%
Expenses with current profit tax	0	0	1.991.921	898.096	-	-
Discount 10%	0	0	(210.167)	0	-	-
Expenses with the specific tax	0	345.464	252.008	462.548	-	137,08%
Expenses with deferred income tax	0	9.979.317	125.965	951.078	-	7922,31%
Revenue af. Deferred profit tax	0	0	0	(62.935)	-	%
NET RESULT	8.785.000	51.128.844	4.579.520	5.592.062	545,29%	1116,47%

The revenues and expenses realized in 2021, on the two major categories of activities, in relation to the previsions BVC 2021 and the accomplished on year 2020 are presented as follows:

Indicatori	BVC 2021	Accomplished 2021	Accomplished 2020	Accomplished 2019	Index accomplished 2021 / BVC 2021	Index accomplished 2021 / accomplished 2020
BASIC ACTIVITY						
Operational Activity						
Incomes	46.313.900	116.581.463	24.363.281	51.675.770	251,72%	478,51%
Expenses	42.198.900	58.339.348	32.053.046	49.838.206	138,25%	182,01%
Gross profit from operational activity	4.115.000	58.242.115	(7.689.765)	1.837.565	1415,36%	-
Financial activity						
Incomes	80.000	3.012.380	875.092	819.801	3765,47%	344,24%
Expenses	360.000	217.922	2.176	12.897	60,53%	10015,22%
Gross financial profit	(280.000)	2.794.458	872.916	806.904	-	320,13%
Total income from basic activity	46.393.900	119.593.843	25.238.373	52.495.571	257,78%	473,86%
Total expenses from basic activity	42.558.900	58.557.270	32.055.222	49.851.103	137,59%	182,68%
GROSS RESULT FROM BASIC ACTIVITY	3.835.000	61.036.572	(6.816.849)	2.644.468	1591,57%	-
SALE ASSETS ACTIVITY						
Income from active sales	10.000.000	879.491	18.327.776	7.514.816	8,79%	4,80%
Expenses with assets sold	5.050.000	462.438	4.771.679	2.318.435	9,16%	9,69%
GROSS RESULT FROM THE SALE OF ASSETS ACTIVE	4.950.000	417.053	13.556.097	5.196.381	8,43%	3,08%



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

Facsimil: +40-241-755-559

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Indicatori	BVC 2021	Accomplished 2021	Accomplished 2020	Accomplished 2019	Index accomplished 2021 / BVC 2021	Index accomplished 2021 / accomplished 2020
EXPLOITATION ACTIVITY						
<i>Incomes from exploitation</i>	56.313.900	117.460.954	42.691.057	59.190.586	208,58%	275,14%
<i>Expenses from exploitation</i>	47.248.900	58.801.786	36.824.724	52.156.641	124,45%	159,68%
Exploitation Gross Profit	56.313.900	117.460.954	42.691.057	59.190.586	208,58%	275,14%
TOTAL COMPANY ACTIVITY						
TOTAL INCOME	56.393.900	120.473.334	43.566.148	60.010.387	213,63%	276,53%
TOTAL EXPENSES	47.608.900	59.019.708	36.826.900	52.169.538	123,97%	160,26%
TOTAL GROSS PROFIT	8.785.000	61.453.625	6.739.248	7.840.849	699,53%	911,88%
<i>PROFIT TAX</i>	0	0	1.991.922	898.096	-	-
<i>Discount 10%</i>	0	0	(210.167)	0	-	-
<i>Specific tax</i>	0	345.464	252.008	462.548	-	137,08%
<i>Deffered Profit Tax</i>	0	9.979.317	125.965	951.078	-	7922,31%
Deferred income tax income	0	0	0	(62.935)	-	-
NET RESULT	8.785.000	51.128.844	4.579.520	5.592.062	545,29%	1116,47%

The total incomes registered at 31.12.2021, amounting to **120,473,334 lei** register a realization of **113,63%** compared to the budget level (56.393.900 lei) and an increase of **176,53%** to the volume recorded in the previous year **2020** (43.566.148 lei).

As we also mentioned to point 1.1.2 The assessment of the trade company par. b) despite the start of season marked by the Covid pandemic, low temperatures and constant rain, few tourists a generalized reduction of the prices for accommodation units incomes from accommodation and public food were realized in a share of 93,81% respectively 90,83%. The incomes realized even in the conditions in which the hotels Diana and Raluca were rented at the start of the season 2021 without the corresponding change of BVC. Also, despite a spring marked by low temperatures and rains, which majorly slowe down the works of exterior decorations at THR Marea Neagra SA, we managed opening all accommodation and food service units at 1st of June 2021, the only delay being at Cleopatra Pool- mostly registered in the period with a small degree of occupation of the hotel.

In structure, **the total incomes** present in this way:

- **accommodation incomes**, in amount of 25,328,182 lei, registering an accomplishment of 93,81% to the budgeted forecast and an increase with 113,54% compared to the accomplished of the year 2020;



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- **public food service incomes** in amount of 12,261,524 lei, registering an accomplishment of 90,83% to BVC and an increase of 105,27% compared to the accomplished of the year 2020
- **incomes from rentals** in amount of 5,422,965 lei, register an increase with 84,08% compared to the budget and with 55,59% compared to the realized of year 2020, increase owed to the new assets rented starting with year 2021 (Complex Raluca – Orion, Restaurant Vraja Mării, Restaurant Sulina, Complex Măgura, Hotel Diana, Restaurant Pelican, land in area of 385 sm representing part of parking of Hotel Brad for locating a Wheel for amusement, partially a space in area of 379,13 sm within Mangalia Laundry).
- **Other incomes included in the turnover** (revenues from sale of waste, parking lot, pool entry, rental of pool chairs etc.) in amount of 1,341,522 lei have registered an increase with 225.14% compared to the budget (412,600 lei) and with 110,91% compared to the accomplished of the year 2020 (636,074 lei), this increase being strictly correlated with the increase of revenues from accommodation;
- **Incomes from treatment** in amount of 1,538,909 lei registered an accomplishment of 64,11% compared to the budget and an increase compared to the accomplished of the year 2020 with 34,32%;
- **subvention incomes** in amount of 73 lei, representing sums given by the government as protection measures for the emergency period determined by the COVID-19 pandemic based on the Law 30/2020 and Law 19/2020 as technical unemployment support, as consequence of restraining the activity of the company, respectively help for parents, for the children supervision because of the temporary closing of the schools;
- **Other incomes** (imputations, value tender books for participating in auctions, 4% of the incomes realized by the tenant in the season 2021 for exploitation panoramic wheel, revenues from the assessment of real estate investments- rented assets) in amount of 70,688,288 lei (of which 69,370,660 lei are Earnings from the assessment at the fair value of real estate investments) have registered an increase with 128424,16% compared to the budget and with 5937,13% compared to the accomplished of the year 2020;
- **Financial incomes (interests in deposits, incomes from shares owned at affiliated entities)** in amount of 3,012,380 lei registered an increase with 3665,47% compared to the budget (80.000 lei) and with 244,24% compared to the accomplished of 2020 (875,092 lei) owed especially to incomes from taking over the net asset to be distributed and the social capital of the company Balneoterapia Saturn SRL, as consequence of its dissolution, whose sole associate was THR Marea Neagră SA



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- **The incomes from asset sale**, in amount of 879,491 lei have registered an increase with 8,79% compared to BVC (10,000,000) and 4,80% compared to year 2020 (18,327,776 lei).

The total expenditures at 31.12.2021 in amount of **59,019,708 lei** (less than the expenses with the tax profit and specific), register **an increase of 23,97%** compared to the BVC afferent to the period (45.506.290 lei) and an increase with **60,26%** compared to the expenses of year 2020 (36,826,901 lei). The weight in these expenditures is owed by the expenses of the operational activity (58,339,348 lei), which registered an accomplishment of 38,25% to BVC (42,198,900 lei) and 82,01% compared to the expenses of year 2020 (32,053,046 lei).

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

-expenses with goods in the amount of 4,065,219 lei as of 31.12.2021 register an achievement of 97,14% compared to the budgeted level (4,185,000 lei) and an increase with 103,76% compared to the achievement of 2020 (1,995,131 lei);

-expenses with the stocks of materials, in the sum of 1,703,356 lei at 31.12.2021 registered an increase of 6,93% compared to BVC (1,593,000 lei) and an accomplishment of 82,87% compared to the accomplished of year 2020 (2,055,337 lei)

-expenses with materials of the nature of inventory objects in the amount of 1,856,724 lei on 31.12.2021 register an increase of 147,56% compared to the budgeted level (750,000 lei) and an increase of 108,08% compared to 2020 (892,306 lei);

-expenses with utilities (water-sewer, electricity and gas) in the amount of 3,313,599 lei on 31.12.2021, registered an achievement of 89,92% compared to BVC (3,685,500 lei) and an increase of 80,35% compared to what was achieved on 31.12.2020 (1,837,343 lei);

-expenses with external services in the amount of 9,703,136 lei, registered an increase of 91,68% compared to the budgeted level (5,062,200 lei) and of 97,68% compared to the achievement of 2020 (5,062,200 lei) owed to the expenses with musical services at Aida restaurant with the hotel animation and shows for children at Cleopatra hotel, artistic shows at Cerna restaurants, analysis of the personnel structure and of the management systems functional in the company, commissions for online books, services of laundry effected to third parties, software services, increase of tariffs for contracts of services and maintenance, expenses with personnel leasing, expenses with demolition, etc. In what concerns the expenses made with the demolition afferent to the investment works executed in this period, they couldn't be quantified at the elaboration of the incomes and expenses budget and they couldn't be comprised in investments because IAS 16 paragraph 70 doesn't allow us: *If an*



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entity recognizes in the accounting value an element of tangible asset the cost of a partial replacement of the element, then it derecognizes the accounting value of the replaced part, regardless if the replaced part was depreciated separately. If an entity cannot establish the accounting value of the replaced part, it can use the cost of replacement as indicator of the cost value of the replaced part at the moment of acquisition or construction.

-expenses with advertising and protocol in the amount of 353,067 lei, registered an increase of 606,13% compared to the budgeted level (50,000 lei) and with 649,85% compared to the achievement of 2020 (47,085 lei) mainly owed to expenses with advertising within the shows Antena Stars in the period 07.07-22.08.2021;

-expenses with other taxes and fees (exclusive the expenses with VAT prorata and disability fund) in the amount of 2,806,947 lei at 31.12.2020 register an accomplishment of 64,38% compared to BVC (4,359,800 lei) and 93,15% compared to the accomplished of year 2020;

- expenses with pro rata VAT in the amount of 220,876 lei on 31.12.2021, register an achievement of 55,22 % compared to the budgeted level (400,000 lei) and of 56,98% compared to the achievement of 2020 (387,605 lei);

-personnel expenses (exclusive expenses with collaborators) in the amount of 14,432,709 lei at 31.12.2021, register an achievement of 97,67% compared to the budgeted level (14,776,900 lei) and an increase of 36,58% compared to 2020(10,567,545 lei);

-expenses with depreciation and depreciation of assets in the amount of 14,142,910 lei on 31.12.2021 register an increase with 110,45% compared to BVC (6,720,000 lei) and an increase with 139,54% compared to the achievement of 2020 (5,904,307 lei) owed to the depreciation of the assets CP3 from Saturn, depreciation of fix assets acquired from Balneoterapia, a lot of them having left a short duration of deprecitation, even one month, and also expenses with the revaluation at 31.12.2021 of the tangible assets such constructions that were established fairs values smaller than the accounting values (7,969,234 lei).

-other operating expenses (including the disability fund) in the amount of 5,740,805 lei on 31.12.2021 registered an increase with 830,44% compared to BVC (617,000 lei) and with 1191.09% compared to the one achieved in 2020 (444,648 lei) and it is mainly owed to provisions constituted for litigations in the total amount of 983.379 lei (898.966 lei supplement for litigation Carja Vasile for the asset vila Flora, 84.413 lei sums claimed by former employees for the termination of labor contracts- Cristea Gheorghe, Cociuban Mihai, Cociuban Georgiana, Dumitrascu Angela, Hagi Dumitru), expenses for adjusment advances granted for assets older than 1 year in the amount of 295.949 lei, expenses of ajustement for the depreciation of assets pending execution older than 1 year in the amount of 721.057 lei (of which 380.071 lei additional sums claimed by ALCON for the investment at Diana hotel and unrecognized by the company), expenses of depreciation receivables in sum of



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393.571,57 lei (cautions paid in litigations with Mangalia City Hall), expenses of depreciation of the amount of 815.537 lei representing cvalue of the discount of 50% of tax on buildings and land for assets functioning less then 6 months and not given by Mangalia City Hall;

-expenses with assigned assets and sales of assets in the amount of 462,438 lei on 31.12.2021 registered an increase by 9,16% compared to the budgeted level (5,050,000 lei) and by 9,69% compared to the accomplished of the year 2020(4,771,679 lei).

-financial expenses in the sum of 217.922 lei at 31.12.2021 registered an accomplishment of 60,53% compared to the budget (360.000 lei) and an increase with 9915,22% compared to the year 2020 (2176 lei) owed to the expenses with interests afferent to the credits contracted with Transilvania Leasing și Credit IFN SA and BCR);

Based on activities, in relation to the share of the revenues realized in the total revenues, two major categories can be identified: namely, **the basic activity of the company (strictly operational)**, generating income in the percentage of **99,27% of the total revenues** and the **activity of asset sales**, according to the strategy approved by the General Meeting of Shareholders for restructuring the company, with revenues in the percentage of **0,73% of the total**.

The total gross profit realized in the amount of **61.453.625** lei presents, by activities, the following structure:

- | | |
|------------------------|-----------------------|
| • Operational activity | 58.242.114 lei |
| • Financial activity | 2.794.458 lei |
| • Asset sales activity | 417.053 lei |

At 31.12.2021, the company registers a gross profit from the basic operational activity of **58,242,115** lei registering an increase with 1315,36% compared to budget (4.115.000 lei) and an increase in absolut value of 65,931,881 lei compared to the accomplished of the year 2020 (loss of 7.689.766 lei) as consequence of opening one month earlier the accommodation units and public food, compared to the same period of year 2020, rental of new assets starting with 2021 (Diana Hotel in Eforie Nord- Building and land, Vraja Mării Restaurant in Eforie Nord- afferent building and land, Măgura complex in Eforie Sud-building, Raluca-Orion Complex in Venus- building and land, Pelican Restaurant in Saturn- afferent building and land, Sulina Restaurant- afferent building and land, Warehouse food and warehouse marerials within Grup Gospodăresc Saturn, Commercial space type warehouse in Laundry Mangalia) and revenues from the assessment at fair value of the assets classified as real estate investments (69.370.660 lei at 31.12.2021 compared to 541.022 lei at 31.12.2020).



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In what concerns the **gross profit from the financial activity of 2,794,458 lei**, at 31 December 2021, the company registers an increase in absolute value by of 3,074,458 lei compared to BVC (loss of 280,000 lei) a percentage increase with 220,13% compared to the accomplished at 31.12.2020, increase mainly owed to revenues from taking over the net asset to be distributed and the social capital of the company Balneoterapia Saturn SRL, as consequence of its dissolution whose sole associate was THR Marea Neagră SA. The result was influenced by the reduction of bank deposits, fact that lead to incomes from smaller interests (179.168,65 lei at 31.12.2021 compared to 701.058,13 lei at 31.12.2020), and also by not receiving the discount for the integral payment of local taxes at Mangalia City Hall (0 lei at 31.12.2021 compared to 102.163 lei at 31.12.2020).

Regarding the **gross profit from the sale of assets**, we recorded a value of **417,053 lei**, with an accomplishment compared to the budget of 8,43% and compared to the accomplished of the year 2020 of 3,08% and is owed to the definitivation of sale of Meteor Hotel in Eforie Sud and the sale of a land of 1038 sm in sat Vacanta Dunarea.

Concluding, at the end of the year 2021, T.H.R. Marea Neagră S.A. registered a GROSS PROFIT of 61,453,625 lei, and a NET PROFIT, determined after deducting the tax on current, deferred and specific tax calculated, according to the legal regulations, in an amount of 51,128,844 lei.

3. Insurance of financial resources, honoring payment obligations

During the year 2021, the company financed its activity by using its own sources and by committing a credits:

-a credit line with BCR in the amount of 5,000,000 lei, a line from, at 31.12.2021 was used the sum of 1,461,097 lei.

-four credits on long term (60 months) Transilvania Leasing și Credit IFN SA in total amount of 6,000,000 lei. The credits were approved by the Board of Administrators and in the session AGOA number 10/14.12.2020, as financing resources of the investment plan. The credits are with monthly reimbursement, with a monthly reviewable interest = rate of basic interest ROBOR 6M+ a fix margin of 2,90%/year. The credits were received in total at the signing of the contracts and until the date of 31.12.2021 was reimbursed the amount of 601,814 lei. The amount to be reimbursed until 31.12.2021 is of 5,398,186 lei. The credits were guaranteed with real estate guarantee, consisting in the asset Hotel and restaurant Siret (building and afferent land) and with 3 promisory notes marked "no protest".

4. Commercial company assets

4.1. The main accommodation and public catering capacities of the company which are in the tourist circuit in 2021, consist of:



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Accommodation units:

- 2 hotels with 4*, with a total capacity of 992 accommodation places
- 6 hotels with 3*, with a total capacity of 2942 accommodation places
- 3 hotels of 2*, with a total capacity of 922 accommodation places

Public food service establishments:

- 2 restaurants with 4*, with a total capacity of 992 places
- 5 restaurants with 3*, with a total capacity of 2300 places
- 3 restaurants with 2*, with a total capacity of 926 places
- 2 day bars with 4* with a total capacity of 120 places
- 6 day bars with 3* with a total capacity of 300 places
- day bar with 2* with a total capacity of 60 places

Leisure units:

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

Spa treatment units:

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

In total, the company had 4,856 accommodation places and 4254 places for public food in 2021.

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

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

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

A peculiarity of the activity is represented by the existence in the patrimony of some productive and auxiliary units that are not functional and others with partial functioning, which burden the basic activity and the economic result, given the investment need and the



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acute lack of funds, the low level of the real estate market and implicitly the reduced possibility of capitalizing on the assets approved for sale through the company's strategy.

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

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

In 2021 there was sold one of the unfunctional asset, respectively Meteor Hotel in Eforie Nord.

5. Assessment of investment and development activity

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

In the year 2021, the Company made significant investments (construction works, equipment of the nature of tangible assets) amounting to 13,019,088 lei without VAT presented in the following table:

TABEL!!!

In addition, there were acquired also inventory objects in value of 1,944,542 lei (furniture, soft inventory, televisions, telephones, restaurant equipment etc.)

There were also registered the assets taken over within the radiation process of Balneoterapia SRL- in amount of 1,372,003 lei.

For the investment financing there were used the following sources:

- credit in amount of 6,000,000 lei from Transilvania Leasing si Credit IFN SA
- by own sources.

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

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

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

7. The securities market issued by THR Marea Neagră SA



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

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

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

In the last trading day of the year 2021, respectively 31.12.2021, at the closing of the Stock Exchange, the shares of THR Marea Neagră SA were quoted at a maximum value of 0.1770 lei / share, compared with 0.1285 lei / share at 30.12. 2020

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

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

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

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

For the year 2020, General Meeting of Shareholders from April 2021, decided the distribution of net profit for the constitution of legal reserves, of its own financing sources and dividends in sum of **4,032,059.40 lei**.

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

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



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program Stock Option Plan” and with an unfolding of the program on a maximum 9 months period.

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

At the date of 05.10.2020, with the majority regulated by Law, the General Meeting of Shareholders has decided to change the destination of the redemption program approved by AGEA decision no. 1 / 22.10.2019 in *“reduction of the capital through the annulment of its own shares”, fact concretised at the end of February 2021, when it is registered at ONRC (Trade Register) the new social capital of 57,600,848.70 lei.*

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

It is not the case.

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

The company hasn't issued any bonds during 2021.

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

At the date of 01.11.2021, the company was administered in two-tier system, the administration being ensured by an Administration Board composed by:

- Fratila Constantin-President;
- Raduta – Gib Tony – Cristian- Vicepresident.
- Vereș Diana-member
- Mailat Dinu Șerban-member
- Marin Șerban Valentin- member.

At the date of 01.11.2021 terminated the administrator mandate of Mister Raduta Gib Tony Cristian, as consequence of him renouncing the mandate.

It was named Mr. Carapiti Dumitru in the function of temporary administrator, for a mandate between the date of 02.11.2021 and the date of General Meeting of Shareholders gathering.



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Facsimil: +40-241-755-559

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It was chosen Mrs. Veres Diana in the function of Vicepresident of the Administration Board of the company, starting with the date of 05.11.2021

The Administration Board gathered from time to time in meetings, according to the provisions of Law 31/1990 republished and according the provisions of the Articles of Incorporation.

The executive management of the company was represented by:

- Mihai Zamfir – Director General
- Rosu Bogdan Nicolae – Director General Adjunct

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

The Board of Directors and the Executive management followed the realization of the activity program proposed for the first semester 2021, the execution of the revenue and expenses budget and the approved investment and repair program.

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

It's not the case.

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

It is not the case.

c) list of persons affiliated to the company:

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

- S.I.F. Transilvania S.A., a company that holds at 30.06.2021, 78.11% of the shares issued by T.H.R. Marea Neagră.
- Transilvania Leasing si Credit IFN SA, whereby SIF Transilvania is shareholder;
- Transilvania Hotels & Travel S.A., a company whereby T.H.R. Marea Neagră S.A. owns 32,059% of its social capital.



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

It is not the case.

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

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

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

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

10. CORPORATE GOVERNANCE of the company THR Marea Neagra SA

The Board of Directors, gathered from time to time in meetings, according to the provisions of Law 31/1990 republished and whenever it was needed, its attributions being provided in the Articles of Incorporation.

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

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

The company's disputes are systematically monitored by the Board of Directors and the Executive management, so that each meeting of the Board had at least one item on the



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main litigations of the company. The options that the company has in these cases were analyzed and, where appropriate, law firms specialized in such litigation were hired.

The Board of Directors has a new commission of audit formed by Mrs. Vereș Diana, Mr. Mailat Dinu Serban and Mr. Șerban Valentin.

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

In the year 2021, within the company there was an internal control system, working procedures were established for the main activities. Internal control is ensured at all levels, within the company being organized an Office of internal financial control and management.

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

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

The company registers on the date of 31.12.2020 a registered capital amounting to 57,600,848,70 lei, subscribed and paid up share capital, representing a number of 576,008,487 registered, ordinary, dematerialized and indivisible shares with a nominal value of 0.1 lei / share. The company thus complies with the provisions of Article 10 of Law 31/1990 on commercial companies, regarding the minimum level of share capital for joint stock companies.

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

In February 2021, it was made definitive the reduction of the social capital with 294,145 lei through the annulment of the own shares, being realized the registration of the mentions at ONRC so, at 31.12.2021, the capital and the shareholders' structure, taken over from the BVB website is as follows:

Shareholders	Percentage (%)	Shares number	Capital value (lei)
SIF Transilvania S.A.	78,1100%	449.920.140	44.992.014,00
Romanian State through the Ministry of Economy, Energy and Business Environment	0,2769%	1.595.223	159.522,30
Other legal persons	3,7840%	21.796.072	2.179.607,20



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Shareholders	Percentage (%)	Shares number	Capital value (lei)
Natural persons	17,8291%	102.697.052	10.269.705,20
TOTAL	100,0000%	576.008.487	57.600.848,70

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

The appointment or replacement of the members of the management of the company, as well as the modification of the constitutive acts are done according to the legal provisions. So far, the proposals of members in the Board of Directors have been made by the majority shareholder, the appointment being decided by the General Meeting of Shareholders.

The chairman of the Board of Directors is elected by vote of the members of the Supervisory Board.

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

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

- check the list of presence of the shareholders, the share capital that each represents and the fulfillment of the legal requirements and the provisions of the Articles of Incorporation for holding the General Meeting;
- the items on the meeting agenda are presented and put to the vote;
- AGA decisions are taken by open vote, except for the appointment of the members of the Supervisory Board and the financial auditor for whom the secret vote is compulsory;
- the result of the votes shall be verified and recorded in the minutes of the meeting.

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

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

In the year 2021, the company carried out its activity in accordance with the provisions of the Articles of Incorporation, of A.G.A. decisions, of the Income and Expenses Budget, in compliance with the legislation in force regarding the organization and reflection in accounting of the specific activity, as well as the regulations of the capital market.



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To the presented, the Board of Directors proposes for aproval:

1.Covering the loss from the previous years in amount of 5,119,339.53 lei with the increment realized from reassessment reserves.

2.Distribution of the net profit in amount of 51,128,844.24 lei:

At the legal reserve according to art. 183 3,072,681.00 lei
of the Law 31/1990 of the commercial company, republished

Distribution at other reserves-own sources of financing 48,056,163.24 lei
constituted of profit

Administration Board through President

Mrs. Mihaela Ichim

