

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

**FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023 - (UNAUDITED)**

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

**TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA SA**  
**FINANCIAL STATEMENTS - UNAUDITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME — IAS 1.10(b)**  
**AS OF December 31, 2023**  
**(All amounts are presented in LEI)**

INDICATOR as at 31 December	Note	Row	31 December 2023	31 December 2022
<b>Continuous activities</b>				
<i>Rental income</i>	3	1	27.181.986	8.048.579
<i>Income from accommodation</i>		2	0	19.482.655
<i>Income from catering/sale of goods</i>		3	61.914	8.195.021
<i>Other income included in turnover</i>	3	4	174.828	9.951.952
<i>Trade discounts granted</i>		5	0	{294.661}
<i>Income from disposal fixed assets and assets held for sale</i>	4	6	23.909.072	2.456
<i>Revenue from operating grants</i>			0	14.016
<i>Revaluation income real estate investments and assets held for sale</i>			15.969.091	23.729.473
<i>Other income (prescribed dividends, cval specifications)</i>	3	7	1.011.081	454.561
<b>Total operating income</b>		<b>8</b>	<b>68.307.972</b>	<b>69.584.053</b>
<i>Expenditure on stocks</i>	6	9	1.902.641	5.443.616
<i>Utility expenses</i>	6	10	396.183	3.287.990
<i>Expenses with employed personnel and collaborators</i>	5	11	4.521.734	17.141.684
<i>Depreciation and depreciation charges on fixed assets</i>	6	12	2.766.507	9.7832.574
<i>Expenditure on disposal fixed assets and assets held for sale</i>	6	13	11.283.709	86.327
<i>Expenditure on other taxes and duties</i>	6	14	3.595.982	4.846.075
<i>Expenditure on external benefits</i>	6	15	4.231.823	18.117.410
<i>Other expenses (deductible and non-deductible fines and penalties)</i>	6	16	543.497	39.586
<i>Revaluation charges on investment property, assets held for sale and property, plant and equipment</i>			4.475.463	16.417.745
<i>Value adjustments in respect of current assets, adjustments in respect of provisions</i>	6	17	(1.430.438)	(609.662)

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AS OF December 31, 2023  
(All amounts are presented in LEI)

INDICATOR as at 31 December	Note	Row	31 December 2023	31 December 2022
<b>Total operating expenses</b>		<b>18</b>	<b>32.287.120</b>	<b>74.303.345</b>
<b>Result of operating activity</b>		<b>19</b>	<b>36.020.852</b>	<b>(4.739.291}</b>
<i>Financial income</i>		20	657.510	258.359
<i>Financial expenses</i>		21	379.767	500.527
<i>Value adjustments in respect of financial assets and financial investments held as financial assets</i>		22	(380.216)	0
<b>Net financial result</b>		<b>23</b>	<b>657.958</b>	<b>(242.168)</b>
<b>Earnings Before Tax</b>		<b>24</b>	<b>36.678.810</b>	<b>(4.961.460)</b>
<i>Current income tax expense</i>	7	25	4.034.050	0
<i>Expenditure with specific tax</i>	7	26	0	271.600
<i>Deferred income tax expense</i>	7	27	0	1.230.084
<i>Deferred income tax income</i>	7	28	4.675.440	0
<b>Result from Continuing Activities</b>		<b>29</b>	<b>37.320.200</b>	<b>(6.463.143)</b>
<b>Net profit transferred as a result of asymmetric division process</b>			<b>2.770.536</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>30</b>	<b>34.549.664</b>	<b>(6.463.143)</b>

Earnings per share (lei/share)  
Diluted earnings per share(lei/share)

**0,106124**  
**0,106124**

**0,000000**  
**0,000000**

**GENERAL MANAGER,**  
Mihaela Ichim

**ECONOMIC MANAGER,**  
Mădălina Comșa

**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA S.A.**  
**FINANCIAL STATEMENTS - UNAUDITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 December 2023**  
**(All amounts are presented in LEI)**

INDICATOR	Note	Row	31 December 2023	31 December 2022
<b>Assets</b>				
<b>Non-current assets</b>				
<i>Property, plant and equipment</i>				
<i>Land and land improvements</i>	8	1	11.000.691	62.703.485
<i>Construction</i>	8	2	68.387	92.054.274
<i>Technical installations and means of transport</i>	8	3	4.133.634	5.114.044
<i>Furniture, office equipment [...]</i>	8	4	1.673.588	3.850.021
<i>Advances and Property, plant and equipment in progress</i>	8	5	317.259	2.426.998
<i>Intangible assets</i>				
<i>Concessions, patents, licenses, trademarks, rights and similar assets</i>		6	721.810	870.492
<i>Other intangible assets</i>	9	7	4.900	25.092
<i>Rights of Use Assets for Leased Assets (IFRS16)</i>		8	0	202.596
<i>Advances on intangible assets</i>		9	0	647.320
<i>Non-current receivables</i>	13	10	73.690	97.459
<i>Real estate investment</i>	8; 10	11	217.406.993	238.350.430
<i>Real estate investments in progress</i>		12	1.133.141	1.133.141
<b>Total non-current assets</b>		<b>13</b>	<b>235.400.953</b>	<b>407.475.352</b>

**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA S.A.**  
**FINANCIAL STATEMENTS - UNAUDITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 December 2023**  
**(All amounts are presented in LEI)**

INDICATOR	Note	Row	31 December 2023	31 December 2022
<b>Current assets</b>				
<i>Stocks</i>	12	14	16.773	2.166.600
<i>Current tax receivables</i>	7	15	0	566.556
<i>Trade receivables</i>	13	16	581.211	2.493.643
<i>Other receivables</i>	13	17	344.075	4.398.321
<i>Accrued charges</i>	14	18	210.304	393.148
<i>Cash and cash equivalents</i>	15	19	8.407.881	382.174
<i>Assets classified as held for sale</i>	16	20	0	85.916
<b>Total Current Assets</b>		<b>21</b>	<b>9.560.244</b>	<b>10.486.358</b>
<b>Total Assets</b>		<b>22</b>	<b>244.961.197</b>	<b>417.961.709</b>
<b>Equity</b>				
<i>Social capital</i>	17	23	32.556.000	57.600.849
<i>Share capital adjustment following first-time adoption of IAS 29</i>	17	24	85.945.333	85.945.333
<i>Capital Prime</i>	18	25	1.895.855	1.895.855
<i>Reserved</i>	18	26	6.524.043	72.622.981
<i>Inflated reserves following first-time application of IAS 29</i>	18	27	16.745.901	16.745.901
<i>Own shares and Losses related to the sale/cancellation of instrum. Equity</i>		28	(4.329)	(4.329)
<i>Revaluation differences</i>	18	29	98.518.724	199.892.789
<i>Result for the year</i>	19	30	34.549.664	(6.463.143)
<i>Retained earnings except retained earnings arising from the first adoption of IAS 29</i>	19	31	58.455.686	52.842.025
<i>Retained earnings arising from first-time application of IAS 29</i>	19	32	(102.691.275)	(102.691.275)
<i>Profit distribution</i>		33	(1.065.707)	(356.713)

**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA S.A.**  
**FINANCIAL STATEMENTS - UNAUDITED**

**STATEMENT OF FINANCIAL POSITION AS AT 31 December 2023**  
**(All amounts are presented in LEI)**

INDICATOR	Note	Row	31 December 2023	31 December 2022
<i>Other equity items</i>	20	34	(14.149.328)	(27.982.741)
<b>Total equity</b>		<b>35</b>	<b>217.280.565</b>	<b>350.047.530</b>
<b>Debt</b>				
<b>Long-Term Liabilities</b>				
<i>Long-term loans</i>	21	36	0	3.239.597
<i>Trade and other liabilities, including derivatives</i>	21	37	26.470	143.096
<i>Provisions</i>	22	38	0	1.930.712
<i>Deferred tax liabilities</i>	7	39	21.436.055	39.944.907
<b>Total Long-Term Liabilities</b>		<b>40</b>	<b>21.462.525</b>	<b>45.258.312</b>
<b>Current liabilities</b>				
<i>Short-term loans</i>	21	41	0	1.953.587
<i>Other debts, including tax and social security debts</i>	21	42	2.812.963	9.221.741
<i>Trade debts</i>	21	43	568.938	5.013.476
<i>Advances and guarantees collected from customers</i>	21	44	2.409.985	6.238.806
<i>Accrued income</i>		45	3	0
<i>Provisions</i>	22	46	426.219	228.257
<b>Total current liabilities</b>		<b>47</b>	<b>6.218.108</b>	<b>22.655.867</b>
<b>Total liabilities</b>		<b>48</b>	<b>27.680.632</b>	<b>67.914.179</b>
<b>Total Equity and Liabilities</b>		<b>49</b>	<b>244.961.197</b>	<b>417.961.709</b>

**GENERAL MANAGER,**  
Mihaela Ichim

**ECONOMIC MANAGER,**  
Mădălina Comșa

**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA SA**  
**FINANCIAL STATEMENTS - UNAUDITED**

**STATEMENT OF CHANGES IN EQUITY AS AT 31 December 2023**

(All amounts are presented in LEI)

**STATEMENT OF CHANGES IN EQUITY AS AT 31 December 2023**

Explanation	Subscribed and paid-up share capital	Share capital adjustment following first-time adoption of IAS 29	Capital Prime	Equity shares and Losses related to the issue, repurchase, sale, free disposal or cancellation instrum.de equity	Retained earnings except retained earnings arising from the first adoption of IAS 29	Retained earnings arising from the first adoption of IAS 29	Revaluation reserve	Reserved	Profit distribution	Other equity items	Subtotal other comprehensive income	Profit or loss for the financial year	Total equity
<b>Balance at 01 January 2023</b>	57.600.849	85.945.333	1.895.855	(4.329)	52.842.025	(102.691.275)	199.892.789	89.368.882	(356.713)	(27.982.741)	356.510.674	(6.463.143)	350.047.530
<b>Comprehensive income for the period</b>	0	0	0	0	0	0	0	0	0	0	0	34.549.664	34.549.664
Profit or loss	0	0	0	0	0	0	0	0	0	0	0	34.549.664	34.549.664
<b>Total other comprehensive income</b>	(25.044.849)	0	0	0	5.613.661	0	(101.374.065)	(66.098.938)	(708.994)	13.833.413	(173.779.772)	6.463.143	(167.316.629)
Output asymmetric division result	(25.044.849)				(2.770.536)						(27.815.385)		(27.815.385)
Distribute dividend					(3.000.001)			(9.500.018)			(12.500.019)		(12.500.019)
Other comprehensive income	0	0	0	0	0	0	(101.374.065)	(56.598.920)	0	0	(157.972.985)	0	(157.972.985)
Retained earnings	0	0	0	0	11.384.197	0	0	0	(708.994)	13.833.413	24.508.616	6.463.143	30.971.759
<b>Balance at December 31, 2023</b>	32.556.000	85.945.333	1.895.855	(4.329)	58.455.686	(102.691.275)	98.518.724	23.269.944	(1.065.707)	(14.149.328)	182.730.901	34.549.664	217.280.565

**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA SA**  
**CASH FLOW STATEMENT - UNAUDITED**  
**FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2023**  
**(All amounts are presented in LEI)**

Name of element	Year 2023	Year 2022
<b>OPERATING CASH FLOWS</b>		
Proceeds from clients	39.659.410	55.842.417
Other operating proceeds	3.518.602	438.488
<b>Total proceeds</b>	<b>43.178.012</b>	<b>56.280.906</b>
payments to suppliers and employees	15.172.720	32.961.074
payments of salaries, fees, commissions and similar	2.450.089	8.808.054
Interests paid	359.315	471.209
corporate income tax + VAT paid + other taxes and fees	13.721.388	12.158.518
Other operating payments	1.873.223	2.235.288
<b>Total payments</b>	<b>33.576.734</b>	<b>56.634.143</b>
<b>net cash from operating activities</b>	<b>9.601.278</b>	<b>(353.238)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
proceeds from the sale of property, plant and equipment	19.794.673	2.923
<b>Total collections</b>	<b>19.794.673</b>	<b>2.923</b>
Investment provider payments	4.894.283	8.094.559
payments from the sale of property, plant and equipment	0	0
<b>Total payments</b>	<b>4.894.283</b>	<b>8.094.559</b>
<b>net cash from investment activities</b>	<b>14.900.390</b>	<b>(8.091.636)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
European funds financing receipts - ADR	0	14.016
Collected interests	591.394	66.963
Short-term receipts	0	853.643
<b>Total collected</b>	<b>591.394</b>	<b>934.622</b>
Loan reimbursement	5.193.184	2.519.742
payment of debts related to financial leasing	190.623	54.782
dividends pay	11.683.523	1.492
<b>Total payments</b>	<b>17.067.330</b>	<b>2.641.333</b>
<b>net cash from financing activities</b>	<b>(16.475.935)</b>	<b>(1.773.674)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
cash and cash equivalents at the beginning of the financial year	382.174	10.468.441
cash and cash equivalents at year-end	8.407.906	382.174



**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA S.A.**  
**FINANCIAL STATEMENTS - UNAUDITED**

**EXPLANATORY NOTES on 31 December 2023**

**(All amounts are presented in LEI)**

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**NOTE 1 - REPORTING ENTITY**

**These financial statements are separate financial statements as defined in IAS 1**

Turism, Hoteluri, Restaurante Marea Neagra S.A. (the "Company") is a company established in 1991 operating in Romania in accordance with the provisions of Law 31/1990 on commercial companies and Law 24/2017 on the capital market.

The name of the Company is Turism, Hoteluri, Restaurante Marea Neagra S.A. (abbreviated THR Marea Neagra S.A.). The company has the legal form of a 'joint-stock company (SA)' and is an entity with an unlimited lifetime.

The company has its registered office in Eforie Nord, Str. Traian, No.1b, Parcel 1, Ground floor, commercial space No.1 and No.3

The Company's contact details are:

Telephone: 0241 751656

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

email: office@thrmareaneagra.ro

Unique registration code at the Trade Register Office: 2980547

Tax registration code: RO 2980547

Serial number in the Trade Register: J13/696/1991

The company operates in Romania, not being present on other geographic markets. The main activity of the company according to the classification is CAEN code 5510 "Hotels and other similar accommodation facilities", but **the main activity carried out in 2023 was renting its own real estate, NACE code 6820.**

**The regulated market** on which the issued securities are traded: **BUCHAREST STOCK EXCHANGE** (market symbol: EFO).

**The subscribed and paid-in share capital** registered with ONRC Constanta, on 31.12.2023, was 32,555,999.70 divided into 325,559,997 shares.

**The share capital registered with the Central Depository**, on 31.12.2023, was 57,600,848.70 divided into 576,008,487 shares, following that after paying the withdrawal price on April 12, 2024 to the shareholders who did not agree to the division and receiving the approval from the FSA, the Central Depository will operate the reduction of the share capital.

Of the total shares issued and outstanding on 31.12.2023:

- THR does not own repurchased shares

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

**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA S.A.**  
**FINANCIAL STATEMENTS - UNAUDITED**

**EXPLANATORY NOTES on 31 December 2023**

**(All amounts are presented in LEI)**

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**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in preparing these IFRS-compliant financial statements are set out below. These policies have been applied consistently to all financial years presented, unless otherwise specified.

**2.1 Basics of drawing up**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union.

For the preparation of the financial statements, the accrual accounting principle and the going concern principle were applied.

The company declares that it has prepared financial statements at **31 December 2023** in accordance with the International Financial Reporting Standards as adopted by the European Union, applicable to companies whose securities are admitted to trading on a regulated market according to the Order of the Minister of Public Finance nr. 881/2012 and Order of the Minister of Public Finance no. 2844/2016 as amended.

The Company's accounting records are mentioned in lei, in accordance with IFRS adopted by the European Union.

In accordance with IAS 29 and IAS 21, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy should be presented in the unit of measurement current at the date of the financial statements, ie non-monetary items should be restated using a general index of prices at the date of acquisition or contribution. IAS 29 provides that an economy is considered hyperinflationary if, among other factors, the cumulative inflation index exceeds 100% over a 3-year period.

Accordingly, on 31.12.2015, the company proceeded to restate its share capital in accordance with the provisions of IAS 29, by reconstructing the evolution of share capital and reserves from incorporation until 2003 (specifying the exact date and source) by applying inflation indices.

**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA S.A.**  
**FINANCIAL STATEMENTS - UNAUDITED**

**EXPLANATORY NOTES on 31 December 2023**

**(All amounts are presented in LEI)**

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

**Presentation of financial statements**

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

**Basis of assessment**

Financial statements are prepared using the cost method, except for land, buildings, investment property, assets held for sale, etc. that are revalued at fair value. The fair value method is applied, except for assets or liabilities for which fair value cannot be reliably determined.

The valuation of assets and liabilities was carried out as follows:

- **Inventories** are measured at the lower of cost and net realisable value.
- **Property, plant and equipment** are valued initially
  - i) at the acquisition cost, for those purchased for consideration;
  - ii) at the contribution value, for those received as contribution in kind to the establishment/increase of the share capital;
  - iii) at fair value at the acquisition date for those received free of charge.

For further recognition, the revaluation model was adopted at company level.

- **Intangible assets** were initially valued at cost. After recognition, intangible assets are accounted for on a cost basis, i.e. at their cost less any accumulated depreciation and accumulated impairment losses.
- **Investment property (buildings and land)** is determined at fair value by an independent valuer by:
  - i) determination of replacement value;
  - ii) estimation of accumulated depreciation;
  - iii) determination of the remaining value of construction;
  - iv) direct comparison method by reference to prices prevailing on a similar and comparable market in the area.
- **Financial investments** are recognised at cost.
- **Assets held for sale** are measured at the lower of carrying amount and fair value less costs to sell, less transaction costs.
- **Cash and cash equivalents** are presented on 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 adopted by the European Union requires management to use estimates, judgments and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses. The estimates and assumptions associated with these estimates are based on historical experience as well as other factors considered reasonable in the context of these estimates. The results of these estimates form the basis for judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The results obtained may differ from the values of the estimates.

The estimates and underlying assumptions shall be reviewed periodically. Revisions to accounting estimates are recognised 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 the current and future periods.

The change in estimates, by its nature, is not related to prior periods and does not represent the correction of an error.

By way of exception to the presentation of the effect of the change in estimate shown above, if such change gives rise to changes in assets and liabilities or equity, the effect of the change will be presented by adjusting assets, liabilities or equity over the period of the change.

Management judgments that have a material effect on separate financial statements and estimates that involve a material risk of a material adjustment over the next year are set out in Note 26.

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

If a Standard or an Interpretation applies specifically to a transaction, other event or condition, the accounting policies applied to that item are deemed chosen, by applying that Standard or Interpretation, taking into account any implementation guidelines issued by the IASB for that Standard or Interpretation.

Accounting policies are applied consistently to similar transactions, events, and other conditions, unless a Standard or Interpretation requires or permits classification of categories, for which policies different from the previous ones may apply.

Changing an accounting policy is allowed only under one of the following conditions:

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

Material errors of prior periods in the recognition, measurement, presentation or description of elements of financial statements shall be corrected retrospectively in the first set of statements to be authorised for issue by:

- restatement of comparative values of the preceding period or periods in which the error occurred; or
- restatement of outstanding balances of assets, liabilities and equity, for the earliest period presented, if the error occurred before the earliest prior period presented.

**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA S.A.**  
**FINANCIAL STATEMENTS - *UNAUDITED***

**EXPLANATORY NOTES on 31 December 2023**

**(All amounts are presented in LEI)**

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

**2.3 Accounting policies specific to standards and interpretations contained in IFRS**

Based on the provisions of each Standard, the company has developed accounting policies in accordance with them. Where the Standards provide for workarounds or exceptions, the policies chosen have been established.

In 2023, the Company applied the following International Financial Reporting Standards with implicit changes to the Company's accounting policies.

IAS 1	Presentation of financial statements	Basic accounting principles, structure and content of financial statements, mandatory items and the notion of a true and fair view, supplemented by amendments applicable from 1 January 2013.
IAS 2	Stocks	Definition of accounting processing applicable to inventories in the historical cost system: valuation (first in – first out, weighted average cost and net realisation value) and perimeter of eligible costs.
IAS 7	Cash flow statements	Analysis of changes in treasury, classified into three categories: operating flows, investment flows, financing flows.
IAS 8	Accounting policies, changes in accounting estimates and errors	Definition of the classification, disclosures and accounting treatment of certain items in the profit and loss account.
IAS 10	Events after the balance sheet date	Provisions relating to the taking into account of post-closure items: definitions, terms and conditions of application, particular cases (dividends).
IAS 12	Corporate income tax	Definition of accounting processing of taxes on result and detailed provisions on deferred taxes, supplemented by amendments applicable from 01 January 2013.
IAS 16	Property, plant and equipment	Principles and date of accounting for assets, determination of their carrying amount and principles relating to depreciation accounting.

**TOURISM, HOTELS, RESTAURANTS MAREA NEAGRA S.A.**  
**FINANCIAL STATEMENTS - UNAUDITED**

**EXPLANATORY NOTES on 31 December 2023**

**(All amounts are presented in LEI)**

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

IAS 19	Employee benefits	Principles for accounting for and disclosing employee benefits: short- and long-term benefits, post-employment benefits, equity benefits and termination benefits, with revisions made in 2011 applicable from 1 January 2013.
IAS 20	Accounting for government subsidies and disclosure of government assistance	Principles of accounting for and disclosure of direct or indirect public aid (clear identification, notion of fair value, link to the subsidised asset, etc.).
IAS 21	Effects of changes in foreign exchange rates	Definition of accounting processing of activities abroad, transactions in foreign currencies and conversion of financial statements of a foreign entity.
IAS 23	Borrowing costs	Definition of accounting processing of borrowing costs: notion of qualified asset, arrangements for incorporating borrowing costs into the value of qualified assets
IAS 24	Disclosure of related party information	Detailed information on relationships and transactions with related parties (legal and natural persons) exercising control or significant influence over one of the group companies or management.
IAS 26	Accounting and reporting of pension plans	Define the principles of evaluation and information relating to retirement schemes (funds), distinguishing defined-contribution schemes and defined-benefit schemes.
IAS 28	Investments in associates	Definition of valuation and disclosure principles relating to investments in associates, except those held by: (a) venture capital organisations; or (b) mutual funds, closed-end funds and similar entities, including investment-related insurance funds, which on initial recognition are treated as fair value through profit or loss or classified as held for trading and accounted for in accordance with IAS 39 Financial Instruments: Recognition and Measurement. Such investments shall be measured at fair value in accordance with IAS 39, with changes in fair value recognised in profit or loss in the period of changes.

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

IAS 29	Financial reporting in hyperinflationary economies	Reconstitution of the evolution of share capital and reserves
IAS 32	Financial instruments: presentation	Presentation rules (classification of liabilities / equity, expenses or income / equity).
IAS 33	Earnings per share	Principles for determining and representing earnings per share.
IAS 36	Impairment of assets	Key definitions (recoverable amount, fair value less selling expenses, utility value, treasury generating units), time of impairment test, impairment accounting, goodwill case.
IAS 37	Provisions, contingent liabilities and contingent assets	Definition of provisions and estimation methods, particular cases analyzed (among which, the problem of restructuring).
IAS 38	Intangible assets	Definition and accounting processing of intangible assets, recognition and measurement policies on processing research and development expenses, etc.
IAS 40	Real estate investment	Choosing between two measurement methods: fair value or amortised cost, transfers between different categories of assets, etc.
IFRS 1	Adoption of International Financial Reporting Standards for the first time	Procedures to be followed for the publication of financial statements, according to IAS/IFRS standards, optional exceptions and mandatory exceptions to the retrospective application of IAS/IFRS standards, supplemented by amendments applicable from 01 January 2013.
IFRS 5	Non-current assets held for sale and discontinued operations	Definition of an asset intended for trading and business abandonment, valuation of these items.

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

IFRS 7	Financial instruments: disclosures	Financial disclosure relating to financial instruments mainly concerns: (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	Incorporates classification and measurement, impairment, general hedge accounting and derecognition requirements of financial instruments arising in July 2014, effective on or after 1 January 2018.
IFRS 12	Disclosure of interests in other entities	Requires an entity to disclose information that will enable users of its financial statements to assess: the nature and risks associated with interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows.
IFRS 13	Fair value measurement	Defining fair value, establishing a framework for measuring fair value in a single IFRS, requiring disclosure of fair value.
IFRS 15	Revenue from customer contracts	It aims to establish principles that an entity must apply to report information useful to users of financial statements about the nature, amount, timing and uncertainty of income and cash flows arising from 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, published in May 2014 and adopted by the European Union in September 2016, effective in the EU on 1 January 2018.
IFRS 16	Leasing contracts	It aims to standardize the recognition of finance and operating leases for better comparability in the financial statements of entities using different types of contracts.



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

**2.3.1 Conversion to foreign currency**

**Presentation currency and functional currency**

The financial statements are presented in Romanian lei (RON), rounded to the nearest leu, this being the reference currency. The Romanian leu being both the functional currency and the presentation currency.

**Transactions and balances**

Operations expressed in foreign currency are recorded in lei at the official exchange rate on the settlement date of transactions. Monetary assets and liabilities shown in foreign currencies at the balance sheet date shall be converted into functional currency at the rate prevailing on that day.

The exchange rates of the main foreign currencies were:

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
EUR	4,9746	4,9474
USD	4,4958	4,6346

Foreign currency transactions are recorded in the accounts, both in foreign currencies and in lei (RON). The following accounting policies apply:

- the conversion of transactions from a foreign currency into the functional currency (RON) is carried out on the basis of the exchange rate in force on the date on which the transactions take place;
- Assets, receivables and liabilities registered in a currency other than Romanian leu, existing in balance at the end of a financial year, are valued at the exchange rate communicated by the NBR for the last banking day of the year.

Foreign exchange gains and losses arising from the settlement of transactions in other currencies and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial performance as part of the financial result.

Translation differences relating to non-monetary items, such as units, are reported as follows:

- As part of the gain or loss on the fair value adjustment, in the case of units held for trading purposes;
- Included in equity in the fair value measurement reserve for available for sale units.

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

**2.3.2 Property, plant and equipment**

**Assessment on recognition**

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

Property, plant and equipment are initially measured at acquisition cost (for those purchased for consideration), contribution value (for those received as contribution in kind to the establishment/increase of share capital), respectively at fair value at the date of acquisition (for those received free of charge).

**Evaluation after recognition**

For subsequent recognition, the revaluation model was adopted at company level, with the value of the revalued asset being its fair value at the revaluation date less any subsequent accumulated depreciation and any accumulated impairment losses.

Revaluations shall be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from what would have been determined by using fair value at the balance sheet date. The revaluations are carried out by independent evaluators certified by ANEVAR.

The revalued value (in addition) is substituted for the acquisition cost.

Excess revaluation differences are accounted for in other comprehensive income and accumulated in equity as revaluation surplus (unless the increase offsets a decrease in the previous revaluation of the same asset previously recognised in profit or loss, in which case the increase is recognised directly in profit or loss).

Revaluation differences are recognised in profit or loss (unless the decrease offsets a previous revaluation increase accumulated in equity as a revaluation surplus, in which case the reduction is recognised in other comprehensive income, decreasing the revaluation surplus).

The revaluation surplus included in equity relating to an item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised. It involves transferring all surplus when the asset is withdrawn or disposed of. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

Amounts paid or payable arising from day-to-day repairs and maintenance of property, plant and equipment held are recorded in company expenses according to accrual accounting, affecting the profit and loss account for the period accordingly.

Amounts paid or payable arising from operations that increase value and/or life through the modernisation of property, plant and equipment held, i.e. those operations that lead to a significant improvement in technical parameters, to an increase in the potential for generating economic benefits by them, shall be capitalised (increase accordingly the book value of that fixed asset).

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

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**Depreciation**

Depreciation expense for each period is recognised in profit or loss only if it is not included in the carrying amount of another asset.

Depreciation is calculated at carrying amount (acquisition cost or revalued amount), less residual value, if any, using the straight-line depreciation method, over the expected useful life of the assets and is included monthly on company expenses. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary to operate in the manner intended by management. Depreciation of an asset ceases at the earliest on 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 on the date the asset is derecognised. Therefore, depreciation does not cease when the asset is unused or is scrapped unless it is fully depreciated.

When recording revaluations, accumulated depreciation shall be eliminated.

The residual value and useful life of an asset shall be reviewed at least at each 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 does not depreciate.

Depreciation of other tangible assets is calculated, using the straight-line depreciation method, allocating residual value costs in accordance with the related lifetime.

	<b>Duration of travel in years</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>
Property	50	50
Other equipment, furniture and other modifications	up to 12	up to 12
Vehicles	up to 14	up to 14

**Impairment of tangible assets**

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

At each reporting date, the entity shall verify whether there are indications of impairment of assets. If such indicia are identified, the entity shall estimate the recoverable amount of the asset.

If the carrying amount of an asset is written down as a result of a revaluation, that decrease is recognised in profit or loss. However, the reduction is recognised in other comprehensive income to the extent that the revaluation surplus presents a credit balance for that asset. The reduction recognised in other comprehensive income decreases the cumulative amount of equity as revaluation surplus.

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

**Derecognition**

The carrying amount of an item of property, plant and equipment shall be derecognised:

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- (a) on transfer; or
- (b) when no future economic benefit is expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised. Earnings should not be classified as income.

### **2.3.3 Intangible assets**

#### **Recognition and evaluation**

For an asset to be recognised as an intangible asset, the entity shall demonstrate that the item meets the following:

That definition of an intangible asset is separable, ie it can be separated or divided from the entity and sold, transferred, authorized, leased or exchanged, either individually or together with a related contract, asset or liability, or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The recognition criteria refer to the fact that:

- it is probable that the expected future economic benefits attributable to the asset will flow to the entity; and
- The cost of a fixed asset can be assessed reliably

An intangible asset must initially be valued at cost. The cost of a separately acquired intangible asset consists of:

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

For an intangible asset acquired free of charge, or for token consideration, through a government grant, the entity initially recognises the asset at par value plus any expenses directly attributable to preparing the asset for its intended use.

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

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

#### **Recognition of expenses**

Expenses on an intangible item shall be recognised as costs when incurred unless they form part of the cost of an intangible asset that meets the recognition criteria.

Expenses on an intangible item that were originally recognised as costs shall not be recognised as part of the cost of an intangible asset at a later date.

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**Assessment after recognition**

After recognition, an intangible asset is accounted for using the cost model, i.e. at its cost less any accumulated depreciation and accumulated impairment losses.

**Amortization**

The software used shall be depreciated over a period of between 1 year and 5 years and licences for their period of validity using the linear depreciation method.

**2.3.4 Cash and cash equivalents**

Cash and cash equivalents are presented on the balance sheet at cost. For cash flow statement purposes, cash and cash equivalents comprise cash register, bank accounts, including deposits with a maturity of 3 months or less, cash in transit, other highly liquid short-term financial investments with a maturity of three months or less, and overdraft facilities.

**2.3.5 Trade receivables**

Trade receivables fall into the category of financial assets. A financial asset is recognised in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the instrument.

Trade receivables are recorded at the original invoice amount less the impairment adjustment created for bad debts. The amount of the impairment adjustment is calculated as the 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 into the following categories:

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*Financial assets or liabilities measured at fair value through the statement of financial performance*

This category includes financial assets or financial liabilities held for trading and financial instruments classified at fair value through the statement of financial performance at the time of initial recognition. An asset or financial liability is classified in this category if it has been acquired primarily for speculative purposes or has been designated in this category by the Company's management.

*Held-to-maturity investments*

Held-to-maturity investments are those non-derivative financial assets with fixed or determinable payments and fixed maturity, which the Company has the firm intention and possibility to hold until maturity. Held-to-maturity investments are measured at amortised cost using the effective interest less impairment loss method. In the case of THR Marea Neagra SA, this is not the case.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, other than those that the Company intends to sell immediately or in the near future.

*Available for sale financial assets*

Available for sale financial assets are those financial assets that are not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through the statement of financial performance. In the case of THR Marea Neagra SA, this is not the case.

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

After initial recognition, available for sale financial assets for which there is an active market are measured at fair value and changes in fair value other than impairment losses and gains and losses arising from changes in exchange rates relating to available for sale monetary items are recognised directly in equity. When the asset is derecognised, the accumulated gain or loss is transferred to the statement of financial performance.

**Acknowledgment**

Assets and liabilities are recognised on the settlement date, i.e. on the date on which that instrument is delivered to the Company or by the Company. Financial assets and liabilities are measured at initial recognition at fair value plus directly attributable transaction costs, except for investments in shares whose fair value could not be reliably determined and which are initially recognised at cost.

**Valuation at amortised cost**

The amortised cost of a financial asset or liability is the amount at which the asset or financial liability is measured by initial recognition, less principal payments plus or less accumulated amortisation to date using the effective interest method, less impairment loss reductions.

**Fair value measurement**

Fair value is the amount at which an asset can be traded or a liability settled between knowledgeable and willing parties in an arm's length transaction at the measurement date. Under IFRS 13, the fair value measurement of assets of a fixed nature required consideration of the characteristics of assets that market participants would consider in determining the price of the asset at the measurement date. The determination of fair value has been performed by an independent external valuer and is assimilated to IFRS 13 Level 3 for data taken into account in determining fair values as at 31 December 2021, the date of financial reporting. At Company level, there was no change in IFRS 13 for fair value data. In addition, the maximum value in use for assets measured at fair value does not differ from current value in use.

The determination of the fair value of financial assets and liabilities is based on quotes in an active market. A financial instrument has an active market if quoted prices are readily and regularly available for that instrument and those prices reflect market transactions carried out regularly on arm's terms.

Available for sale financial assets for which there is no active market and for which a reliable determination of fair value is not available shall be measured at cost and periodically tested for impairment.

For all other financial instruments, fair value shall be determined using valuation techniques. Valuation techniques include net present value techniques, the discounted cash flow method, comparisons with similar instruments for which there is an observable market price and other valuation methods.

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

**Identification and measurement of value impairment**

*Financial assets measured at amortised cost*

At the date of each balance sheet, the company shall consider whether there are objective indications that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired if, and only if, there are objective indications of impairment arising as a result of one or more events that occurred after the asset's initial recognition ('loss-making event') and the loss-making event or events have an impact on the future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there are objective indications that an impairment loss has occurred on financial assets measured at amortised cost, then loss is measured as the difference between the carrying amount of the asset and the present value of future cash flows using the effective interest rate of the financial asset at baseline.

Where a financial asset measured at amortised cost has a variable interest rate, the discount rate for measuring any depreciation loss shall be the current variable interest rate specified in the contract. The carrying amount of the asset is reduced by the use of a provision account. Value impairment expense is recognised in the statement of financial performance.

If in a subsequent period an event occurring after the time of recognition of the impairment results in a reduction of the impairment loss, the impairment loss previously recognised is reversed either directly or by adjusting a provision account. The reduction in impairment loss is recognised in the statement of financial performance.

*Available for sale financial assets*

The company shall assess at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. 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.

Where such evidence exists for available for sale financial assets, the cumulative loss — measured as the difference between acquisition cost and current fair value, less any impairment loss for that financial asset previously recognised in profit or loss — is removed from other income from comprehensive income and recognised in the statement of financial statement. Impairment losses recognised in the statement of financial performance and in equity instruments are not written off through the statement of financial performance. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase may objectively relate to an event that occurs after the loss has been recognised in profit or loss, the impairment loss will be reversed through the statement of financial performance.

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



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

**Derecognition**

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

Any interest in transferred financial assets retained by the Company or created for the Company is recognised separately as an asset or liability.

The company derecognises a financial liability when contractual obligations have been entered into or when contractual obligations are cancelled or expire.

**2.3.7 Employee benefits**

In the normal course of business, the Company makes payments to the funds of pensions, health, allowances and holidays, state unemployment, on behalf of its employees. All employees of the Company are members of the state pension plan. These amounts are recognised as an expense and are recognised in the statement of financial performance. These benefits are not recorded on the basis of an actuarial report.

The company has no other pension scheme in place and therefore has no pension obligations.

**2.3.8 Corporate income tax**

**Recognition of current tax liabilities and assets**

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

If amounts paid in respect of the current and prior periods exceed amounts due in respect of those periods, the excess is recognised as recoverable.

Benefits relating to a tax loss that may be transferred for the purpose of recovering prior period income tax are recognised as recoverable.

Payables (or assets) relating to income tax for the current and prior periods are measured at the amount to be paid (recovered) to the tax authority, using the tax rate (and legal regulations) applicable at the balance sheet date.

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

**Recognition of deferred tax assets and liabilities**

Deferred income tax is, using the balance sheet method, on temporary differences between the tax bases of assets and liabilities and their carrying amount, in the financial statements. Deferred income tax is determined using tax rates (and laws) that were adopted or substantially adopted at the balance sheet date and are expected to apply when the related deferred income tax is realised or deferred income tax is settled.

The main temporary differences come from the following operations:

- i. Application of tax incentives, consisting in additional deduction of 20% of the value of inventory means upon their commissioning
- ii. Application of differentiated accounting and tax treatments with regard to the recognition of investment property
- iii. Existence of settlement periods longer than one year
- iv. Application of differentiated accounting and tax treatments with regard to the recognition of revaluation surplus

Deferred tax relating to the fair value of available for sale investments that are directly credited or debited in own surrenders will subsequently be recognised in the statement of financial performance together with the deferred loss or gain.

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

A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- i) it is not a business combination; And
- ii) at the time of the transaction does not affect either accounting profit or taxable profit (tax loss).

A deferred tax asset to carry forward unused tax losses and unused tax credits will be recognised by the Company to the extent that it is probable that there will be future taxable profit against which unused tax losses and unused tax credits can be used.

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

**2.3.9 Microenterprise tax**

Starting with January 1, 2023, the Company opted for the application of the microenterprise income tax for the activities carried out in the HoReCa field corresponding to the NACE codes provided in the Fiscal Code (5510 - "Hotels and other similar accommodation facilities", 5520 - "Accommodation facilities for holidays and short periods", 5530 - "Parks for caravans, campsites and camps", 5590 - "Other accommodation services", 5610 - «Restaurants», 5621 - «Event catering activities», 5629 - «Other food services n.e.c.», 5630 - «Bars and other beverage serving activities»), serving beverages» (Article 47 paragraph (2) of the Tax Code).

**2.3.10 Provisions**

Provisions are uncertain liabilities in terms of timing or value.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and when it is probable that a consumption of resources is necessary to settle the obligation. It must also be possible to make a reliable estimate of the amount of this obligation.

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

(a) recognise a refund only if it is certain that it will be effected if the company honours its obligations and the amount recognised as reimbursement will not exceed the provision;

b) recognise the amount repaid as a separate asset. In the statement of comprehensive income, the expense of a provision may be presented after deduction of the recognised amount of reimbursement.

Provisions are not recognised for costs that are incurred in carrying out the business in the future.

The company records provisions for onerous contracts in situations where the expected benefits from a contract are less than the unavoidable expenses associated with the performance of contractual obligations.

Provisions for risks and expenses are recognised when the company has a legal or constructive obligation arising from past events, when an outflow of resources embodying economic benefits is required to settle the obligation and a credible estimate can be made of the amount of the obligation.

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

**2.3.11 Revenue recognition**

The income recorded by the Company is accounted for according to its nature (operational, financial).

Revenue shall be measured at the fair value of the consideration received or receivable. If the transaction is financial in nature, fair value is determined by discounting all amounts receivable in the future using an implicit interest rate, the difference from the carrying amount being interest income. When the outcome of a transaction involving the provision of services cannot be estimated reliably, revenue shall be recognised only to the extent of recognised recoverable expenses.

Amounts collected on behalf of third parties, such as sales taxes, goods and services taxes, and value added taxes, are not economic benefits to the entity and do not result in increases in equity. Therefore, they are excluded from income. Similarly, in a mandate agreement, gross inflows of economic benefits include amounts collected on behalf of the principal that do not result in increases in the entity's equity. Amounts collected on behalf of the principal do not constitute revenue. Instead, revenue is represented by the amount of commissions.

Revenue from the provision of services shall be recorded in the accounts as they are carried out. The supply of services includes the execution of works and any other operations which cannot be considered to be supplies of goods. The stage of execution of the work is determined on the basis of the situation of works accompanying invoices, acceptance reports or other documents certifying the stage of completion and receipt of the services provided. For recognition, it is also required that there is a probability that the economic benefits associated with the transaction will be generated for the Company, the final stage of the transaction at the end of the period and the costs incurred for the transaction as well as those for completing the transaction can be measured reliably.

Interest income is recognised using the effective interest method in proportion to the relevant period of time, on the basis of principal and the effective rate over the maturity period, or shorter periods if transaction costs relate to that period, when determining that the company will receive such income. Where unpaid interest has been accrued prior to the purchase of an interest-bearing investment, subsequent interest receipts are distributed between the pre-purchase and post-acquisition periods; Only the post-acquisition part is recognised as revenue.

Income from financial fixed assets, i.e. dividends receivable from entities in which the company has participations, are recognised in the Company's financial statements in the financial year of the year in which they are approved by the General Meeting of each entity. Also as income from financial fixed assets is recorded the value

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

nominal shares to be received free of charge as a result of the direct incorporation of profit for the last period into the share capital of an entity in which participations are held.

Shares received free of charge as a result of increases in the share capital of issuers made by incorporating the current year's profit are recorded in the accounts as dividend income at par value (cost), after which they are recognised at fair value.

Proceeds from the sale/disposal of interest will be recognised at the date ownership is transferred from seller to buyer using settlement date accounting.

Income from unit trading is recognised on a gross basis (transaction amount) and income arising from short-term financial investment transactions is recognised on a net basis (difference between sale value and cost).

**2.3.12 Dividends payable**

The company registers the obligation to pay dividends in the year when the distribution of profit through dividends is approved in the General Meeting of Shareholders.

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

**2.3.13 New international standards**

**STANDARDS AND AMENDMENTS IN FORCE MANDATORY FROM 1 JANUARY 2021**

- 1. IBOR reform and its effects on financial reporting – Phase 2** – In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These changes complement those made in 2019 ('phase 1' IBOR') and focus on the effects on entities when an existing benchmark is replaced by a new benchmark as a result of the reform.
- 2. Covid-19-related rent concessions after 30 June 2021 (Amendments to IFRS 16)** - In May 2020, the IASB issued an amendment to IFRS 16 *COVID-19-related rent concessions*. This amendment provided a practical opportunity in accounting for the reduction in lease payments due to COVID-19. The 2020 practical opportunity was available for lease reductions affecting only payments originally due up to or before 30 June 2021. On 31 March 2021, the IASB issued the amendment '*COVID 19-related rent concessions after 30 June 2021*', which extended the eligibility period for practical arrangements from 30 June 2021 to 30 June 2022. This change is effective for annual reporting periods beginning on or after 1 April 2021. Previous application is allowed, including in financial statements not authorized for publication on March 31, 2021.

**STANDARDS AND AMENDMENTS IN FORCE MANDATORY FROM 1 JANUARY 2022**

- 1. Annual IFRS Improvements: The 2018–2020 Cycle** - In May 2020, the IASB issued minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the accompanying illustrative examples of IFRS 16 Leasing.
- 2. Conceptual Financial Reporting Framework (Amendments to IFRS 3)** - In May 2020, the IASB issued amendments to IFRS 3, which updates a reference to the Conceptual Financial Reporting Framework without changing accounting requirements for business combinations. The changes shall take effect for annual reporting periods beginning on or after 1 January 2022. Previous application is allowed.
- 3. IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment — Onerous Contracts — Cost of Fulfilling a Contract)** - In May 2020, the IASB issued amendments to IAS 37, which specify the costs a company includes when assessing whether a contract will cause a loss and is therefore recognised as a onerous contract. These changes are expected to result in more contracts being counted as onerous contracts as they increase the scope of costs that are included in the valuation of the onerous contract.
- 4. IAS 16 Property, plant and equipment (Change - Receipts before intended use)** - In May 2020, the IASB issued amendments to IAS 16 that prohibit a company from deducting amounts received from the sale of items produced while the company prepares the asset for its intended use from the cost of property, plant and equipment. Instead, a company will recognize such sales revenue and any related costs in profit or loss.

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

**2.3.14 New international standards (continued)**

**STANDARDS AND AMENDMENTS IN FORCE MANDATORY FROM 1 JANUARY 2023**

- 1. IFRS 17 Insurance Contracts** - IFRS 17 introduces an internationally consistent approach to accounting for insurance contracts. Before IFRS 17, there was significant diversity worldwide in accounting and presentation of insurance contracts, with IFRS 4 allowing many previous (non-IFRS) accounting approaches to continue to be followed, IFRS 17 will result in significant changes for many insurers, requiring adjustments to existing systems and processes. In December 2021, the IASB amended IFRS 17 to add a transitional option to address possible accounting mismatches between financial assets and insurance contractual liabilities in the comparative information presented in the initial application of IFRS 17 and IFRS 9, thereby improving the usefulness of comparative information for users of financial statements.
- 2. IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Noncurrent)** - In January 2020, the IASB issued amendments to IAS 1 that clarify how an entity classifies liabilities as current or non-current. The changes initially had a effective date of 1 January 2022, however, in July 2020, this was postponed to 1 January 2023 due to the COVID-19 pandemic. These changes are expected to have a significant impact on many entities, with several liabilities classified as current, in particular those with loan conditionalities.
- 3. Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2)** - In February 2021, the IASB issued amendments to IAS 1 that change disclosure requirements regarding accounting policies from "significant accounting policies" to "information on material accounting policies". The amendments provide guidance on when accounting policy information can be considered material. Amendments to IAS 1 become effective for annual reporting periods beginning on or after 1 January 2023, with prior application permitted. Because IFRS Statements of Practice are non-binding guides, no mandatory effective date has been specified for amendments to the IFRS Statement of Practice 2.
- 4. Definition of carrying estimates (amendment to IAS 8)** - In February 2021, the IASB issued amendments to IAS 8 that added to the definition of accounting estimates in IAS 8. The amendments also clarified that the effects of a change in an input or valuation technique are changes in accounting estimates, unless they result from the correction of prior period errors.
- 5. Deferred tax on assets and liabilities arising from a single transaction (amendments to IAS 12)** - In May 2021, the IASB issued amendments to IAS 12 clarifying whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability recognised simultaneously (eg a lease within the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15, whereby the exemption does not apply to the initial recognition of an asset or liability that, at the time of the transaction, gives rise to equal taxable and deductible temporary differences

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**NOTE 3 - INCOME FROM OPERATING ACTIVITY**

The main object of activity of the Company according to NACE code is the provision of tourist services of accommodation, public catering and leisure. **Following the Resolutions adopted by the General Meeting of Shareholders of 29.11.2022, it was decided to change the development and restructuring strategy** approved by A.G.O.A Decision no. 3/22.04.2020. in the sense of renting or selling the entire patrimony of the company, which materialized in 2023 by renting the assets of Narcis-Cleopatra Complex, Cerna Complex, Hora Complex, Balada Complex, Sea Spell Complex, Narcissus Buffet, Graidnita Hora, Mud Cold Baths, Semiramis Complex and the sale of Venus Complex in Eforie Nord, Jupiter Household Group and Eforie Nord Household Group + workshops. This leads to the abandonment, at least in 2023, of the activity of providing tourist services.

On 31.12.2023, compared to 31.12.2022, the Company recorded the following operating income:

Indicator	31 December 2023	31 December 2022	Index 31.12.2023/ 31.12.2022 (%)
<b>Turnover, showing separately:</b>	<b>27.418.728</b>	<b>45.383.547</b>	<b>60,42%</b>
<i>Income from accommodation</i>	0	19.482.655	0,00%
<i>Income from public catering/sale of goods</i>	61.914	8.195.021	0,76%
<i>Rental income</i>	27.181.986	8.048.579	337,72%
<i>Trade discounts granted</i>	0	(294.661)	0,00%
<i>Other income included in turnover</i>	174.828	9.951.952	1,76%
<b>Income from assets disposed of and assets held for sale</b>	<b>23.909.072</b>	<b>2.456</b>	<b>0,00%</b>
<b>Revenue from operating grants</b>	<b>0</b>	<b>14.016</b>	<b>0,00%</b>
<b>Revaluation income real estate investments, assets held for sale</b>	<b>15.969.091</b>	<b>23.729.473</b>	<b>67.30%</b>
<b>Other income</b>	<b>1.011.081</b>	<b>454.561</b>	<b>222,43%</b>
<b>Total operating income</b>	<b>68.307.972</b>	<b>69.584.053</b>	<b>98,17%</b>

**NOTE 4 - INCOME FROM DISPOSALD FIXED ASSETS AND ASSETS HELD FOR SALE**

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Explanation	31 December 2023	31 December 2022
Income from transferred assets	437.243	2.456
Income from assets held for sale	23.471.828	0
<b>Income from disposal fixed assets and assets held for sale</b>	<b>23.909.072</b>	<b>2.456</b>



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**NOTE 4 - INCOME FROM DISPOSALS OF FIXED ASSETS AND ASSETS HELD FOR SALE (continuation)**

The income from assets held for sale represents income from the sale of Venus complex in Eforie Nord (building and land afferent to Hotel, restaurant and central heating) to MOB CONFORT SRL, the sale of Rapsodia restaurant in Eforie Nord to Star 95 (for the latter there is a promise of sale since 2017) and of the Jupiter Household Group (buildings and related land) to Phoenicia Express SRL.

The income from ceded assets is the result of the sale of Venus complex facilities (fixed assets and inventory objects), of the sale of 5 vehicles and two technological equipment (BTLs) from the treatment base.

**NOTE 5 - EXPENSES WITH EMPLOYEE BENEFITS. INFORMATION ON EMPLOYEES AND MEMBERS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES**

Employee benefit expenses broken down into gross wages and social contributions were:

Explanation	31 December 2023 (lei)	31 December 2022 (lei)
<b>Total expenditure on salaries, of which:</b>	<b>4.134.025</b>	<b>15.497.767</b>
<i>Expenditure on salaries of members of the Board of Directors/Supervisory Board and Directors</i>	672.740	1.064.653
<i>Expenditure on salaries of employees with an individual employment contract (ILA)</i>	3.461.285	14.433.114
<b>Expenditure on social contributions</b>	<b>62.853</b>	<b>304.363</b>
<b>Expenses with insurance contribution for work</b>	<b>95.581</b>	<b>350.574</b>
<b>Expenses with meal vouchers</b>	<b>232.295</b>	<b>988.980</b>
<b>TOTAL EXPENDITURE ON SALARIES</b>	<b>4.521.754</b>	<b>17.141.684</b>

The Company has not granted and does not grant loans or advances (except for advances of a salary nature and / or to cover delegation expenses) to members Board of Directors and Executive Directors. The accounts do not have any commitments of this nature accounted for in the balance on 31.12.2023.

Compared to the same period last year, between 01.01-31.12.2023, there is a drastic decrease in the number of average staff and in the number of staff on 31.12.2023, following the implementation of the Plan for capitalizing on the company's patrimony, which implicitly led to the restructuring of the company by reducing the number of personnel.

No crt.	Indicator	Nr. la 31.12.2023	Average no. at 31.12.2023	Nr. la 31.12.2022	Average no. at 31.12.2022
<b>A</b>	<b>No permanent staff of which:</b>	<b>21</b>	<b>33</b>	<b>39</b>	<b>39</b>
	<i>a) Tesa Staff</i>	19	30	25	25
	<i>b) Operational Personnel</i>	2	3	14	14
<b>B</b>	<b>No staff for a fixed period)</b>	<b>0</b>	<b>0</b>	<b>37</b>	<b>156</b>
	<b>Total personnel</b>	<b>21</b>	<b>33</b>	<b>76</b>	<b>195</b>

The company has not assumed obligations for pension plans other than state ones provided by Law no. 263/2010 on the unitary public pension system, with subsequent amendments and completions.

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**NOTE 6 - OPERATING EXPENSES (less employee benefits)**

<b>Nr. Crt.</b>	<b>Operating expenses</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>1</b>	<b>Expenditure on stocks, showing separately:</b>	<b>1.902.641</b>	<b>5.443.616</b>
1.1.	<i>expenses with raw materials and consumables</i>	222.337	2.192.213
1.2.	<i>expenses on wear and tear of inventory items, packaging</i>	1.606.077	342.961
1.3.	<i>Expenditure on non-stored materials</i>	1.275	42.151
1.4.	<i>Expenditure on goods and packaging</i>	69.233	2.866.290
<b>2</b>	<b>Utility expenses</b>	<b>396.183</b>	<b>3.287.990</b>
2.1.	Water expenditure	71.667	998.626
2.2.	expenditure on electricity	173.454	1.671.979
2.3.	expenditure on gas	151.061	617.385
<b>3</b>	<b>Depreciation and revaluation charges on fixed assets</b>	<b>2.766.507</b>	<b>9.732.574</b>
<b>4</b>	<b>Expenditure on assets disposed of and assets held for sale</b>	<b>11.283.709</b>	<b>86.327</b>
<b>5</b>	<b>Expenditure on other taxes, duties and similar payments</b>	<b>3.595.982</b>	<b>4.846.075</b>
<b>6</b>	<b>Expenditure on external benefits, showing separately:</b>	<b>4.231.823</b>	<b>18.117.410</b>
6.1.	Maintenance and repair costs	226.303	4.909.189
6.2.	Expenses royalties, management locations and rents	53.936	378.811
6.3.	Expenses with insurance premiums	176.535	145.962
6.4.	Expenses, commissions, fees	99.880	1.192.545
6.5.	Advertising expenses, advertising	30.225	723.447
6.6.	Postal expenses and telecommunications charges	46.168	48.991
6.7.	Expenditure on banking services	59.135	255.393
6.8.	Sanitation expenses	16.902	289.632
6.9.	Monitoring and security expenses	206.322	658.384
6.10	Software services expenses	351.505	554.244
6.11	Expenses with internet and IT services	123.278	101.874

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<b>Nr. Crt.</b>	<b>Operating expenses</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
6.12	Expenditure on audit services	153.723	95.765
6.13	Expenditure on evaluation services	319.510	149.884
6.14	Other expenditure incurred by third parties showing separately:	29.707	888.325
6.15	Sanitation expenses (buildings and land afferent to R Minerva, Tosca Hotel and Restaurant, Narcus Hotel, Hotel and Restaurant semiramis, GG Jupiter, Saturn Stop, land Sat Vacanta Delta, CP3, land SW Dunarea, GG Eforie Nord (measures imposed on Mangalia City Hall in order not to be additionally taxed with the dereliction tax)	261.094	144.435
6.16	Design services of documentation in order to obtain the Fire Safety Authorization (hotel complex Sirena, BBB and Cleopatra)	146.075	0
6.17	<i>Services for drawing up energy performance certificates</i>	26.003	0
<b>7</b>	<b>Other expenditure total of which:</b>	<b>5.018.960</b>	<b>16.457.331</b>
7.1.	<i>Other operating charges</i>	460.014	18.271
7.2.	<i>Compensation, fines and penalties</i>	83.483	104.421
7.3.	<i>Fair value measurement losses on investment property</i>	4.475.463	14.534.880
7.4.	<i>Valuation losses on assets held for sale</i>	0	1.789.864
7.5.	<i>Expenses with amounts or goods granted as sponsorships</i>	0	9.894
<b>8</b>	<b>Value adjustments in respect of current assets, adjustments in respect of total provisions of which</b>	<b>(1.430.438)</b>	<b>(809.662)</b>
8.1	Losses from various receivables and debtors	9.131	0
8.2.	Operating charges relating to provisions	142.633	310.711
8.3.	<i>Expenses related to impairment adjustments for current assets</i>	972.314	134.742
8.4.	<i>Operating expenses relating to impairment adjustments for advances granted</i>	49.344	0
8.5.	Income from provisions	(1.875.383)	(71.230)
8.6.	Income from impairment adjustments for property, plant and equipment	(343.049)	0
8.7.	Income from impairment adjustments for current assets	(385.420)	(1.183.884)
	<b>Total operating expenses (excluding staff costs)</b>	<b>27.765.366</b>	<b>57.161.661</b>

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**NOTE 7 - MICROENTERPRISE INCOME TAX, CURRENT PROFIT TAX and DEFERRED PROFIT TAX**

**2.3.10 Microenterprise tax**

As mentioned in the accounting policies in point 2.3.10., the company applies starting with January 1, 2023, the income tax on microenterprises for the activities carried out in the HoReCa field corresponding to the NACE codes provided in the Fiscal Code (5510 - "Hotels and other similar accommodation facilities", 5520 - "Accommodation facilities for holidays and short periods", 5530 - "Parks for caravans, campsites and camps", 5590 - "Other accommodation services", 5610 - "Restaurants", 5621 - "Event catering activities", 5629 - "Other food services n.e.c.", 5630 - "Bars and other beverage serving activities"), serving beverages". During the period 01.01-31.12.2023, the company did not carry out activities in the HoReCa field.

But, as in the case of the specific tax, companies that obtain income from activities other than HoReCa (such as active rentals and sales), apply for these activities the system of declaration and payment of corporate income tax provided by Law no. 227/2015 with subsequent amendments and completions.

We present below, the calculation of corporate income tax on **31.12.2023**:

Nr.crt.	Indicator name	Values for profit tax (lei)
<b>A</b>	<b>Total revenue</b>	<b>76.624.997</b>
	<b>Total non-taxable income of which:</b>	<b>23.628.608</b>
	<i>Income from cancellation, provisions, litigation and other provisions</i>	<i>1.875.383</i>
	<i>Income from impairment adjustments for current assets</i>	<i>728.478</i>
	<i>Financial income from adjustments for loss in value of financial assets</i>	<i>380.216</i>
	<i>Fair value measurement income</i>	<i>15.969.091</i>
	<i>Deferred income tax revenue</i>	<i>4.675.440</i>
<b>B</b>	<b>Taxable income</b>	<b>52.996.390</b>
<b>C</b>	<b>Items similar to total revenue of which:</b>	<b>4.370.184</b>
	<i>Revaluation differences, sold and scrapped assets</i>	<i>4.020.926</i>
	<i>Depreciation of revaluation differences</i>	<i>349.258</i>
<b>D</b>	<b>TOTAL TAXABLE ITEMS</b>	<b>57.366.573</b>

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Nr.crt.	Indicator name	Values for profit tax (lei)
<b>And</b>	<b>Total expenses</b>	<b>39.304.798</b>
	<b>Non-deductible expenses</b>	
	Corporate income tax expense (691)	4.034.050
	Amenzi penalized (6581)	56.908
	<b>Non-tax deductible depreciation expense</b>	<b>(53.996)</b>
	Non-deductible entertainment expenses (account 6232)	7.691
	Other provisions constituted	1.164.291
	Other non-deductible expenses (car chelt, losses from receivables, expenses on goods, BITSOFT maintenance, D-EDGE maintenance, etc.)	770.842
	Expenses with deprec.of trans.means with max 9 seats, depreciation of non-functional assets, licenses of hotel units and fiscal printers	199.179
	Expenses related to the valuation of property, plant and equipment, investment property and assets held for sale	4.475.463
<b>F</b>	<b>Total Non-deductible expenses</b>	<b>10.654.429</b>
<b>G</b>	<b>Tax depreciation expenses</b>	<b>(84.702)</b>
<b>H</b>	<b>Deductible expenses</b>	<b>28.565.667</b>
<b>I</b>	<b>Gross Profit</b>	<b>36.678.810</b>
	Taxable profit before the establishment of the legal reserve	28.800.906
	Accounting Profit for Legal Reserve	36.678.810
<b>J</b>	<b>Legal reserve</b>	<b>1.065.707</b>
	Tax loss carried forward from previous years	2.522.388
<b>Towards</b>	<b>Taxable profit</b>	<b>25.212.811</b>
<b>L</b>	<b>Profit tax</b>	<b>4.034.050</b>
<b>M</b>	<b>PROFIT NET</b>	<b>37.320.200</b>
	Transferred following division CF Protocol 4291/Dec 2023	2.770.536
<b>N</b>	<b>NET PROFIT TO BE DISTRIBUTED</b>	<b>34.549.664</b>
	Tax on profit constituted on 30.09.2023	3.064.680
	Tax on profit to be constituted in Q4 2023	969.370

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**NOTE 7 - MICROENTERPRISE INCOME TAX, CURRENT PROFIT TAX and DEFERRED PROFIT TAX (cont'd)**

The deferred income tax liability was calculated by applying the 16% corporate tax rate, as follows:

Year	Explanation	Total temporary difference	Tax rate	Debt/Debt with deferred income tax	Differences from the previous year
<b>2023</b>	<b>Temporary differences recognised in the profit and loss account</b>	<b>45.479.482</b>	<b>16%</b>	<b>7.276.717</b>	<b>(4.675.440)</b>
	<i>Tax incentives 20% depreciation in the first year of investments</i>	121.353	16%	19.416	(4.913)
	<i>IAS40 Assessment Items</i>	51.443.091	16%	8.230.895	(5.245.096)
	<i>Provisions</i>	(6.084.962)	16%	(973.594)	(973.594)
	<b>Temporary differences recognised in equity</b>	<b>88.440.713</b>	<b>16%</b>	<b>14.150.514</b>	<b>(13.833.413)</b>
	<i>Legal reserve</i>	6.511.200	16%	1.041.792	(510.014)
	<i>I05 account revaluation differences</i>	80.826.048	16%	12.932.168	(13.323.399)
	<i>Other reserves</i>	1.103.465	16%	176.554	0
	<b>Deductible temporary differences recognised on account of retained earnings account</b>	<b>0</b>	<b>16%</b>	<b>0</b>	<b>0</b>
	<b>Total as of 31.12.2023</b>	<b>133.920.195</b>	16%	<b>21.427.231</b>	<b>(18.508.852)</b>
<b>2022</b>	<b>Temporary differences recognised in the profit and loss account</b>	<b>74.700.981</b>	<b>16%</b>	<b>11.952.157</b>	<b>9.979.317</b>
	<i>Tax incentives 20% depreciation in the first year of investments</i>	152.059	16%	24.329	(2.194)
	<i>IAS40 Assessment Items</i>	84.224.944	16%	13.475.991	11.659.221
	<i>Provisions</i>	(9.676.022)	16%	(1.548.163)	(1.677.709)
	<b>Temporary differences recognised in equity</b>	<b>174.899.542</b>	<b>16%</b>	<b>27.983.927</b>	<b>15.433.500</b>
	<i>Legal reserve</i>	9.698.785	16%	1.551.806	491.629
	<i>I05 account revaluation differences</i>	164.097.292	16%	26.255.567	14.941.871
	<i>Other reserves</i>	1.103.465	16%	176.554	0
	<b>Deductible temporary differences recognised on account of retained earnings account</b>	<b>0</b>	<b>16%</b>	<b>0</b>	<b>0</b>
	<b>Total as of 31.12.2022</b>	<b>249.600.523</b>	16%	<b>39.936.084</b>	<b>25.412.817</b>

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**NOTE 7 - MICROENTERPRISE INCOME TAX, CURRENT PROFIT TAX and DEFERRED PROFIT TAX (cont'd)**

**Earnings per share**

Earnings per share is calculated by dividing the net profit attributable to the company's shareholders by the weighted average number of outstanding ordinary shares of **325,559,997** adjusted by the value of own shares held. Diluted earnings per share are determined by adjusting the net profit attributable to holders of ordinary shares and the weighted average number of shares in circulation, adjusted for the value of own shares held, for dilution effects of all potential ordinary shares.

**Profit/Loss attributable to shareholders holding ordinary shares**

	year 2023	year 2022
Profit (Loss) of the period	<b>34.549.664</b>	<b>0</b>
Profit (loss) attributable to ordinary shareholders	34.549.664	0
<b>Weighted average number of ordinary shares</b>	<b>325.559.997</b>	<b>576.008.487</b>
Ordinary shares issued on 1 January	0	0
Effect of own shares held	0	0
Weighted average number of ordinary shares as at 31 December	325.559.997	576.008.487
<b>Earnings per share (basic)</b>	<b>0.106124</b>	<b>0.000000</b>
Profit attributable to ordinary shareholders (basic)	34.549.664	0
Interest expense on convertible bonds, after tax	0	0
Profit attributable to ordinary shareholders (diluted)	34.549.664	0
<b>Weighted average number of ordinary shares (diluted)</b>	<b>325.559.997</b>	<b>576.008.487</b>
Weighted average number of ordinary (core) shares	325.559.997	576.008.487
Effect of conversion of convertible bonds	0	0
Effect of stock options issued	0	0
Weighted average number of ordinary shares (diluted) as at December 31	325.559.997	576.008.487
<b>Earnings per share (diluted)</b>	<b>0.106124</b>	<b>0.000000</b>

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**NOTE 8 - TANGIBLE ASSETS**

Description	Land and land development	Buildings	Machinery and equipment	Furniture & Accessories	Advances and tangible assets in progress (from account 231.4093,2931,2914,4903)	Total
0	1	2	3	4	5	6
<b>Presumed cost or cost</b>						
<b>Balance at 01 January 2023</b>	<b>62.707.603</b>	<b>92.055.576</b>	<b>18.560.369</b>	<b>14.499.314</b>	<b>4.222.184</b>	<b>192.045.047</b>
<i>Acquisitions (works + independent fixed assets + advances)</i>	0	37.769	2.860.428	17.781	917.389	<b>3.833.367</b>
<i>Derecognition from assets held for sale and investment in real estate</i>	0	0	0	0	0	<b>0</b>
<i>Outputs (scrapping, sales, adjustments, receptions)</i>	0	(25)	(453.867)	(473.606)	(2.901.161)	<b>(3.828.659)</b>
<i>Outputs following asymmetric division process</i>	(20.623.592)	(1.942.423)	(6.133.799)	(4.479.142)	(1.807.975)	<b>(34.986.931)</b>
<i>Outflows from classification tangible assets into assets held for sale and investment of real estate</i>	(31.083.320)	(90.074.618)	0	0	0	<b>(121.157.938)</b>
<b>Balance at December 31, 2023</b>	<b>11.000.691</b>	<b>76.280</b>	<b>14.833.131</b>	<b>9.564.347</b>	<b>430.437</b>	<b>35.904.886</b>
<b>Depreciation and impairment losses</b>						
<b>Balance at 01 January 2023</b>	<b>4.118</b>	<b>1.302</b>	<b>13.446.325</b>	<b>10.308.307</b>	<b>1.795.187</b>	<b>25.555.239</b>
Depreciation during the year	7.630	165.646	1.478.668	934.853	0	2.586.796
Impairment losses / Loss cancellation	(761)	(1.302)	156.227	80.503	(1.482.775)	(1.248.109)
Depreciation of fixed assets outputs (scrapping, sales, revaluations)	(10.987)	(157.729)	(4.001.576)	(3.184.642)	(199.234)	(7.554.167)
Depreciation of fixed assets outputs (scrapping, sales, revaluations)	0	(25)	(380.148)	(248.262)	0	(628.435)
<b>Balance at December 31, 2023</b>	<b>0</b>	<b>7.892</b>	<b>10.699.497</b>	<b>7.890.759</b>	<b>113.177</b>	<b>18.711.325</b>
<b>Balance on January 1, 2023</b>	<b>62.703.485</b>	<b>92.054.274</b>	<b>5.114.044</b>	<b>4.191.007</b>	<b>2.426.998</b>	<b>166.489.808</b>



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<b>Balance at December 31, 2023</b>	<b>11.000.691</b>	<b>68.388</b>	<b>4.133.635</b>	<b>1.673.588</b>	<b>317.259</b>	<b>17.193.561</b>

**NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (continuation)**

The company revalued property, plant and equipment in the following years: 1999, 2002, 2003, 2005, 2007, 2009, 2011, 2012, 2015, 2019, 2021 and 2022.

The excess revaluation differences were reflected in accounting for other comprehensive income and accumulated in equity as revaluation surplus.

The downward revaluation differences were reflected in accounting for other comprehensive income, reducing the revaluation surplus as this decrease compensated for a previous revaluation increase.

The revaluation differences existing in the balance on **31.12.2023** related to assets in patrimony are **98,518,724 lei**, and by the nature of the assets have the following component:

<b>Explanation</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Land revaluation reserves	63.147.040	113.291.523
Construction revaluation reserves	34.579.446	85.201.543
Revaluation reserves other property, plant and equipment	792.238	1.399.723
<b>Total revaluation reserves</b>	<b>98.518.724</b>	<b>199.892.789</b>

Please note that the company reclassifies the revaluation differences from account 105 - Revaluation reserves to account 1175 - Retained earnings arising from the surplus from revaluation reserves, at the exit of the fixed asset (by sale or disposal).

Revaluation differences made before 2004 may not be distributed to shareholders. Only revaluation differences after 2004 distributed from the balance of account 105 to the balance of account 1175 representing a gain realised by the company by sale may be distributed to shareholders.

For tangible assets recorded in the company's assets, there have been no changes in the way depreciation of tangible assets is determined, and no assets or parts of depreciation expense have been reclassified on account of other expenses.

**For tangible assets, the Company has no restrictions on ownership.**

The company owns on **31.12.2023**:

- all assets belonging to the patrimony;

\* land in total area of **422.609,83 MP (435.570,55** sqm existing at the beginning of the year, of which 2,570.72 sqm were sold in Eforie Nord and 10390 sqm in Jupiter) obtained as follows:

- 381.164,29 sqm based on property certificates issued by the Ministry of Tourism for: Saturn SA, Venus SA, Eforie Nord SA, Eforie Sud SA and the delivery-receipt protocol between Neptun-Olimp S.A. and Miorița Estival 2002 SA;

- 17,278.70 sqm purchased from Eforie Nord City Hall according to sale-purchase contracts;

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- 24,166.84 sqm following the exchange with Mangalia City Hall and Eforie Nord City Hall.

**NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (continuation)**

**Pledged, mortgaged, restricted assets**

On **31.12.2023**, the company has no mortgages on the real estate property.

In this category of assets, no compensation from third parties for impaired fixed assets was recorded.

**Investment**

Until **31.12.2023**, the Company made investments worth **2,439,687 lei without VAT**, representing:

<b>Explanation</b>	<b>Planned year 2023</b>	<b>Achieved year 2023</b>
Seawater supply investment and equipment installation in Hora technical station to ensure hot sea water and sulphurous water + site supervisor	1.819.328	1.536.629
License for exploitation of therapeutic mineral water resources		27.452
Changes to the electrical and gas distribution network	1.500.000	0
Contribution to financing photovoltaic panels	1.301.648	0
Modernization of thermal power plants - cold / hot water metering CT Sirena and CT Cleopatra, pumps Sirena boilers	96.000	257.168
Design and fire safety approval Cleopatra hotel	0	84.241
Elevator modernization + ISCIR technical expertise works	400.008	455.185
Various investment adjustments related to the years 2021- 2022	0	79.012
<b>TOTAL INVESTMENT WORKS year 2023</b>	<b>5.116.983</b>	<b>2.439.687</b>

Own sources of financing were used to finance investments.

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**NOTE 9 - INTANGIBLE ASSETS**

Description	Licenses + projects (account 205)	Other intangible assets (account 208)	Assets related to rights of use for leased assets (IFRS16) - account 251	Advances on intangible assets (account 4094)	Intangible assets under construction (account 231.04)	Total
0	1	2	3	4	5	6
<b>Presumed cost or cost</b>						
<b>Balance at 01 January 2023</b>	<b>2.378.861</b>	<b>283.049</b>	<b>335.546</b>	<b>14.086</b>	<b>633.234</b>	<b>3.644.776</b>
<i>Acquisitions (works + independent fixed assets + advances)</i>	<i>151.977</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>27.452</i>	<i>179.429</i>
<i>Outputs (scrapping, sales, adjustments, receptions)</i>	<i>(70.983)</i>	<i>(36.324)</i>	<i>(335.546)</i>	<i>(14.086)</i>	<i>(660.686)</i>	<i>(1.117.626)</i>
<b>Balance at December 31, 2023</b>	<b>2.459.854</b>	<b>246.725</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2.706.579</b>
<b>Depreciation and impairment losses</b>						
<b>Balance at 01 January 2023</b>	<b>1.508.368</b>	<b>257.957</b>	<b>132.950</b>	<b>0</b>	<b>0</b>	<b>1.899.275</b>
Depreciation during the year	300.659	19.632	55.924	0	0	376.215
Impairment losses	0	0	0	0	0	0
Depreciation of fixed assets outputs (scrapping, sales, revaluations)	(70.983)	(35.763)	(188.875)	0	0	(295.621)
<b>Balance at December 31, 2023</b>	<b>1.738.044</b>	<b>241.825</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.979.869</b>
<b>Balance on January 1, 2023</b>	<b>870.493</b>	<b>25.092</b>	<b>202.596</b>	<b>14.086</b>	<b>633.234</b>	<b>1.745.501</b>
<b>Balance at December 31, 2023</b>	<b>721.810</b>	<b>4.900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>726.710</b>

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

Intangible assets are accounted for at their cost value.

**NOTE 10 - INVESTMENT PROPERTY**

Assets classified as investment property were measured at fair value on 31.12.2023 and on **31.12.2023** are presented in the statement of financial position as follows:

Explanation	31 December 2023	Revaluation on 31.12.2023	Exit by division protocol no.4291 acc.dec. EGM no.4 / 12.12.2023	Exits by sale / reclassification	Investment inflows	Reclassification entries	31 December 2022
<b>BUILDINGS</b>							
AIDA Complex	0		(15.956.049)		144.805	0	15.811.243
MINERVA restaurant	0		0				0
Sulina Restaurant	0		0				0
WORKSHOP CARPENTRY (section B)	0		(382.555)			382.555	
MECHANICAL WORKSHOP (section A)	0		(1.981.904)			1.981.904	
BALADA complex	18.718.347	882.408			28.515	17.807.423	
BBB Complex	19.063.034	(1.134.877)			1.218.811	0	18.979.100
COLD BATHS Mud	1.790.857	182.606				1.608.251	
CAMIN PERSONAL nr 3	0		(1.539.000)			1.539.000	
CAPITOL Complex	1.832.565	(44.142)			0	0	1.876.707
CERNA complex	0		(8.798.640)		1.109.626	7.689.013	
DIANA Hotel	0		(9.325.811)		0	0	9.325.811
HORA Garden	0		(102.960)		0	0	102.960
HORA complex	0		(16.366.949)		28.515	16.338.434	
HORA – UNDERGROUND ROUTE (DUCT)	147.079		(9)			147.088	
HORA - sulphurous water adductions and storage heating network	76.000					76.000	
JUPITER Hotel	0		(1.704.309)		0	0	1.704.309
CONFECTIONERY LABORATORY Saturn	0		(594.303)			594.303	

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Explanation	31 December 2023	Revaluation on 31.12.2023	Exit by division protocol no.4291 acc.dec. EGM no.4 / 12.12.2023	Exits by sale / reclassification	Investment inflows	Reclassification entries	31 December 2022
MAGURA Complex	12.901.605	3.116.951			0	0	9.784.654
MINERVA Hotel	0		(1.541.811)		0	0	1.541.811
MIORITA Complex	0		(16.219.937)		0	0	16.219.937
MURES Hotel	0		(4.567.932)		9.200	106.096	4.452.637
NARCIS-CLEOPATRA complex	41.401.420	740.453			33.134	40.627.833	0
NARCIS buffet	5.089	1.432				3.657	0
ORION Restaurant	1.507.657	313.787			0	0	1.193.870
POPAS SATURN	2.901				0	0	2.901
PRAHOVA Hotel	0		(4.393.938)		9.200	0	4.384.738
PRAHOVA Restaurant	0		(1.616.607)		0	0	1.616.607
PELICAN restaurant	0		0				0
RALUCA Hotel Raluca + garden + swimming pool	4.150.116	523.889			0	0	3.626.227
SEMIRAMIS Complex	15.560.684	985.857			0	0	14.574.827
SIRENA Complex	0		(18.267.285)		0	53.104	18.214.181
SIRET Complex	5.975.373	295.693			54.229	0	5.625.451
SIRET/SIRENA CT	374.852	(51.009)			190.246	235.615	
LAUNDRY Mangalia	0		(1.909.924)			1.909.924	
VENUS Complex - sale	0			(6.071.201)	0	0	6.071.201
VRAJA MARIII Beach Bar	29.412	0			0	0	29.412
VRAJA MARIII Restaurant	249.033	99.517			0	0	149.516
VRAJA MARIII Hotel	775.424	151.714			5.421	618.289	
TOSCA Restaurant + Buffet	1.765.864				0	0	1.765.864
TOSCA hotel	7.853.884	29.957			9.200	0	7.814.727
<b>TOTAL BUILDINGS</b>	<b>134.181.196</b>	<b>6.094.236</b>	<b>(105.269.921)</b>	<b>(6.071.201)</b>	<b>2.840.903</b>	<b>91.718.487</b>	<b>144.868.692</b>
<b>LANDS</b>							
AIDA Complex (land 10953 mp)	0		(4.335.000)		0	0	4.335.000
BALLAD complex (10957 mp)	4.994.000	440.659			0	4.553.341	0
BBB Complex (land 17170 mp)	13.405.686	238.686			0	0	13.167.000

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Explanation	31 December 2023	Revaluation on 31.12.2023	Exit by division protocol no.4291 acc.dec. EGM no.4 / 12.12.2023	Exits by sale / reclassification	Investment inflows	Reclassification entries	31 December 2022
CERNA complex (5766 mp)	0		(2.453.157)		0	2.453.157	0
CLEOPATRA complex parcel 1 (23130 mp)	9.567.953	315.052			0	9.252.900	0
DIANA Hotel (land 936 mp+4532/4525 mp)	0		(2.261.000)		0		2.261.000
GG JUPITER - reclassification from account 2151 to 311	0			(1.385.000)	0	0	1.385.000
HORA complex (6361 mp)	0		(2.706.379)		0	2.706.379	0
MINERVA Hotel (land 794 mp)	0		(1.905.329)		0		1.905.329
MINERVA restaurant parcel 1 si 2 (land 8720 mp)	0		(2.157.000)		0		2.157.000
MIORITA Complex (land 21180 mp)	0		(9.011.803)		0		9.011.803
MURES Hotel (land 5357 mp)	0		(2.120.258)		0		2.120.258
NARCIS complex (12976 mp)	5.646.000	446.000			0	5.200.000	0
ORION Restaurant (land 4513 mp)	1.796.226	9.720			0		1.786.506
PELICAN Restaurant (3241.98mp/3213mp)	0		(1.444.000)		0		1.444.000
POPAS SATURN	22.160.000	3.262.000			0	0	18.898.000
PRAHOVA Hotel (land 5357 mp)	0		(1.855.226)		0		1.855.226
PRAHOVA Restaurant (land 6314 mp)	0		(2.186.652)		0	0	2.186.652
RALUCA Hotel + swimming pool + garden (land 9433 mp)	3.753.774	20.312			0	0	3.733.462
SEMIRAMIS Complex (14612 mp)	7.024.000	62.413			0		6.961.587
SEMIRAMIS Buffet beach (1547 mp)	743.600	16.600			0		727.000
Sirena Complex (Terrain 12334 MP)	0		(4.997.262)		0	0	4.997.262
Siret Complex (Terrain 9436 MP)	4.106.000	185.000			0	0	3.921.000
Sirette/Sirena CT (Terrain 361 MP)	157.100	7.100				150.000	0
Mangalia SPALATORIE (3298 mp)	0		(897.000)		0	897.000	0
SULINA Restaurant lot 1/1 (terrain 6574 mp)	0		(1.951.000)		0	0	1.951.000
TOSCA complex	5.314.000	52.392			0	0	5.261.608
VENUS restaurant + CT Venus - land 1758 mp+60 mp	0			(2.401.735)	0	0	2.401.735
VENUS Hotel- land 752.72 mp	0			(994.310)	0	0	994.310
VENUS land parcel 4 - access alley	20.000				0	0	20.000

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Explanation	31 December 2023	Revaluation on 31.12.2023	Exit by division protocol no.4291 acc.dec. EGM no.4 / 12.12.2023	Exits by sale / reclassification	Investment inflows	Reclassification entries	31 December 2022
VRAJA MARI complex (4810 sqm)	4.537.458	343.458			0	4.194.000	0
<b>TOTAL LAND</b>	<b>83.225.797</b>	<b>5.399.392</b>	<b>(40.281.064)</b>	<b>(4.781.045)</b>	<b>0</b>	<b>29.406.776</b>	<b>93.481.737</b>
<b>TOTAL</b>	<b>217.406.993</b>	<b>11.493.628</b>	<b>(145.550.986)</b>	<b>(10.852.246)</b>	<b>2.840.903</b>	<b>121.125.264</b>	<b>238.350.429</b>

**NOTE 10 - INVESTMENT IN REAL ESTATE (cont'd)**

The assets classified as real estate investments were valued on 31.12.2022 by the valuation firm PricewaterhouseCoopers Management Consultants S.R.L, headquartered in Cluj Napoca, Bldul 1 Decembrie 1989.

Analyzing in all aspects the estimated values according to the valuation approaches, it follows that, in the present situation, the value of the selected property is that obtained with the cost approach, given the purpose of the valuation carried out. For assets recognised as investment property, leases are concluded. Rental income is recognised in the statement of financial performance and is disclosed in Note 4 - Income from operating activity. Inputs used in fair value measurement techniques are categorised in Level 2, comprising inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs shall include quoted prices in active markets for similar assets or liabilities, prices quoted in non-active markets for similar or identical assets or liabilities, observable inputs other than quoted prices for the asset or liability, and inputs derived primarily from or in conjunction with observable market data, by correlation or other means.

The fair value adjustments of assets classified as investment property in the statement of financial performance, after valuation on 31.12.2023, are as follows:

Explanation	31 December 2023			31 December 2022		
	Gains measured at fair value of investment property	Fair value measurement losses on investment property	Profit/loss	Gains measured at fair value of investment property	Fair value measurement losses on investment property	Profit/loss
COLD BATHS Mud	297.576	114.970	182.606	0	0	0
BBB Complex	944.461	1.840.652	(896.191)	9.656.038	115.842	9.540.196
BALLAD complex	1.323.067		1.323.067	0	0	0
CAPITOL Complex	375.211	419.353	(44.142)	300.093	45.375	254.718

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MAGURA Complex	3.116.951		3.116.951	503.019	0	503.019
NARCIS-_CLEOPATRA complex	3.052.978	1.551.473	1.501.505	0	0	0
NARCIS buffet	1.432		1.432	0	0	0
SIRET Complex	497.537	60.753	436.784	232.404	0	232.404
SEMIRAMIS Complex	1.048.270		1.048.270	997.786	1.015.089	(17.303)
TOSCA complex	123.477	41.128	82.349	0	425.642	(425.642)
RALUCA Hotel + garden + swimming pool + restaurant Orion	1.314.841	447.134	867.707	399.908	15.170	384.738
POPAS SATURN	3.262.000		3.262.000	0	2.189.783	(2.189.783)
SEMIRAMIS Buffet beach (1547 mp)	16.600		16.600	719.346	0	719.346
Venus Parcel 4	0	0	0	20.000	2.255	17.745
VRAJA MARI complex	594.689		594.689	0	34.519	(34.519)
<b>TOTAL</b>	<b>15.969.091</b>	<b>4.475.463</b>	<b>11.493.628</b>	<b>12.828.594</b>	<b>3.843.675</b>	<b>8.984.919</b>

**NOTE 11 - FINANCIAL ASSETS**

Securities are recognised in the financial statements in accordance with IAS 36 (revised in 2009), IAS 39 (revised in 2009) and IFRS 7 (issued in 2008). In conjunction with the provisions of the 4 standards, the Company has adopted the following policy for the recognition and valuation of shares and securities:

- Investments in subsidiaries, jointly controlled entities and associates are recognised at cost;
- Short-term investments held for sale unlisted are recognised at cost, with adjustments made for impairments (the treatment for impairment of these securities is determined by IAS 39 paragraph 63);
- Listed short-term investments held for sale are recognised at fair value (the value on the last trading day of the year), with any gains or losses recognised in the capital statement. If there is objective evidence of impairment (as set out in paragraph 59 of IAS 39), as well as foreign exchange losses and gains, the loss in value will be recognised in the income statement, as is the case for shares held in Transilvania Hotels & Travel SA, which on 31.12.2018 were adjusted for full impairment, given that this company has become insolvent.

Other investments	31 December 2023			31 December 2022		
	Net worth of securities	Impairment adjustments	Book value	Net worth of securities	Impairment adjustments	Book value
<b>Long-term investments</b>						
Investments held at Transilvania Hotels & Travel S.A.	0	2.432.010	2.432.010	0	2.432.010	2.432.010
<b>Total long-term investments</b>	<b>0</b>	<b>2.432.010</b>	<b>2.432.010</b>	<b>0</b>	<b>2.432.010</b>	<b>2.432.010</b>



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Long-term held securities are recognised in the financial statements in accordance with IFRS 9 Financial Instruments at cost.

The securities falling into this category consist of participation securities in Transilvania Hotels & Travel S.A., being recognized as financial fixed assets:

Company Name	Share in share capital	31 December 2023	31 December 2022
Transilvania Hotels & Travel S.A.	32,059%	2.432.010	2.432.010

Transilvania Hotels & Travel S.A. has a share capital of RON 7,586,120 composed of 3,034,448 shares with a nominal value of RON 2.5/share and has its registered office in Bucharest, str. Maria Rosetti no.35, sector 2. The company has been insolvent since 2017.

**NOTE 12 - STOCKS**

Stock categories	Value recognised on 31 December 2023	Impairment adjustments at December 31, 2023	Balance at December 31, 2023	Value recognised on 31 December 2022	Stock variation 31.12.2023/ 31.12.2022
Raw materials, consumables and materials of the nature of inventory objects	3.259	96.704	99.963	1.939.385	0,17%
Material advances	13.514	1.935	15.449	26.370	51,25%
Materials at thirds	0	28.322	28.322	159.185	0,00%
Goods (excluding price differences and VAT)	0	0	0	37.940	0,00%
Packaging	0	0	0	3.719	0,00%
<b>Total</b>	<b>1.362.512</b>	<b>126.961</b>	<b>143.734</b>	<b>2.166.600</b>	<b>0,77%</b>

Stocks of materials are of the nature of materials purchased for investment and repair works. Given that some materials are very old and it is not expected to use them in too near a time, they were adjusted downwards by 126,961 lei.

Inventories on **31.12.2023** decreased mainly due to the transfer at expense of materials of the nature of inventory objects put into use in 2023, the receipt of materials related to repair works performed in previous years, as well as the transfer to the newly created company following the asymmetric division process concluded in December 2023.

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**NOTE 13 - RECEIVABLES**

Receivables are presented in the financial statements according to their nature, at the amount likely to be collected:

Receivables	31 December 2023	31 December 2022
Commercial receivables	3.301.664	4.567.509
Impairment adjustments for trade receivables	(2.720.454)	(2.073.866)
Receivables from group entities	0	0
Different debtors and other receivables	337.772	541.983
Impairment adjustments for other receivables	(242.785)	0
<b>Total non-cash financial assets classified as loans and receivables</b>	<b>676.197</b>	<b>3.035.626</b>
Receivables in relation to employees	10.508	28.908
Other receivables to the state budget	238.581	4.051.658
Adjustments for depreciation other receivables to the state budget	0	(27.472)
Prepayments (advances)	0	369.800
<b>TOTAL</b>	<b>925.286</b>	<b>7.458.520</b>

The company's receivables on 31.12.2023 consist of:

- **commercial receivables** in the net amount of **581,210 lei** (gross amount 3,301,664 lei adjusted with the amount of 2,720,454 lei representing debts older than one year), are represented by tourist services of which with larger amounts Transilvania Hotels & Travel SA, Travel Brands, Accent Travel, Amarino, Iri Travel, Laguna, Paralela 45 from rents of which with higher debts Neptun Hotels and Mangalia Spa Sanatorium;

- **various debtors and other receivables** in net amount of **94,985 lei** (gross amount 337,772 lei adjusted with the amount of 242,785 lei representing debts older than one year) are mainly represented by advances paid to suppliers for non-invoiced services and social claims representing sick leaves borne by the Health Insurance House;

- **receivables related to employees** in the amount of **10,508 lei** representing imputations of which for the amount of 8,421.42 lei was created provision;

- **other receivables to the state budget** in the amount of **238,581 lei**, represented mainly by non-mandatory VAT related to suppliers' invoices with VAT on collection or invoices receivable from suppliers;

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**NOTE 13 - RECEIVABLES (continued)**

Receivables according to their age are presented as follows:

Receivables	Receivables on 31.12.2023	<30 days	30-90 days	90-180 days	180-365 days	>365 zile
Commercial Receivables	3.301.664	504.752	104.106	63	78.022	2.614.721
Impairment adjustments for trade receivables	(2.720.454)	(104.164)	0	0	(1.569)	(2.614.721)
Different debtors and other receivables	337.772	11.275	6.761	26.549	50.402	242.785
Impairment adjustments for other receivables	(242.785)	0	0	0	0	(242.785)
<b>Total non-cash financial assets classified as loans and receivables</b>	<b>676.197</b>	<b>411.862</b>	<b>110.867</b>	<b>26.612</b>	<b>126.855</b>	<b>0</b>
Receivables in relation to employees	10.508	25	0	0	0	10.483
Other receivables to the state budget	238.581	126.450	102.690	0	910	8.531
adjustments for depreciation, other receivables to the state budget;	0	0	0	0	0	0
Prepayments (advances)	0	0	0	0	0	0
<b>TOTAL</b>	<b>925.286</b>	<b>538.337</b>	<b>213.557</b>	<b>26.612</b>	<b>127.765</b>	<b>19.014</b>

**NOTE 14 - ACCRUED CHARGES**

Unregistered accrued charges	31 December 2023	31 December 2022
Other accrued charges (Bucharest Stock Exchange, SIM evaluation)	19.952	23.434
OPERA maintenance costs, UIC interface, access barriers system	125.808	181.940
Accrued charges D-Edge-SAS	0	89.966
Vignettes taxes	523	1.009
Insurance policies (CASCO, MTPL, civil liability administrators)	64.020	96.798
<b>Total accrued charges</b>	<b>210.304</b>	<b>393.148</b>

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**NOTE 15 - CASH AND CASH EQUIVALENTS**

Explanation	31 December 2023	31 December 2022	Change 31.12.2023/ 31.12.2022
Availability at banks, in lei	8.402.041	303.878	2764,93%
Availability with banks in foreign currency	220	1.010	21,74%
Cash register in lei	5.620	76.031	7,39%
Amounts pending settlement and Other amounts	0	1.255	0,00%
<b>Total</b>	<b>8.407.881</b>	<b>382.174</b>	<b>2200,01%</b>

The increase registered in the indicator Availability at banks (lei) is due to the proceeds from the sale of assets of Venus complex and Jupiter Household Group (notarized Sale-Purchase Contracts), and Household Group plus Ateliere Eforie Nord (for this there is a promise of sale), collection of tourist services in balance on 31.12.2022 as well as rents related to new lease agreements concluded in Q1 2023. The increase would have been higher, but in the first months of 2023, outstanding suppliers of approximately 3,000,000 lei were paid, the debt to Mangalia City Hall in the amount of **4,826,760 lei** representing accessories due to Mangalia City Hall following the final sentence in the file on the control carried out by the city hall in 2014 on local taxes for the period 2008-2012. In addition, in September 2023, the amount of **RON 3,518,838** was reimbursed in advance, representing the balance of investment loans contracted with Transilvania Leasing and Credit IFN, as well as **RON 123,079**, representing the balance related to the car financial leasing contracts also concluded with Transilvania Leasing.

**NOTE 16 - ASSETS CLASSIFIED AS HELD FOR SALE**

No crt	Categories	Value of assets classified as held for sale on 31.12.2023	Fair value revaluation gains	Fair value revaluation losses	Value of assets sold or exited by reclassification until 31.12.2023	Value of assets classified as held for sale until 31.12.2023	Value of assets classified as held for sale on 31.12.2022
1	Complex Venus	0	0	0	6.084.448	6.084.448	0
2	Household Group Eforie Nord and Ateliere	0	0	0	32.675	32.675	0
3	Garden/restaurant Rapsodia	0	0	0	85.916	0	85.916
	<b>TOTAL BUILDINGS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6.203.039</b>	<b>6.117.123</b>	<b>85.916</b>
1	Land GG Jupiter (10390 mp)	0	0	0	1.385.000	1.385.000	0
2	Land Complex Venus (2570.72 mp)	0	0	0	3.396.045	3.396.045	0
	<b>TOTAL LAND</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4.781.045</b>	<b>4.781.045</b>	<b>0</b>
	<b>TOTAL ASSETS HELD FOR SALE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10.984.084</b>	<b>10.898.169</b>	<b>85.916</b>

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**NOTE 16 - ASSETS CLASSIFIED AS HELD FOR SALE (cont'd)**

Assets held for sale are accounted for at the lower of carrying amount and fair value less costs to sell. Any subsequent increase or decrease in the value of these assets has been recognised in the statement of financial performance on the basis of a specialised assessment.

The gain on the disposal of assets held for sale was recognised in the statement of financial performance as follows:

31.12.2023			31.12.2022		
Income from disposal of assets held for sale	Disposal expenses of assets held for sale	Profit/loss	Income from disposal of assets held for sale	Disposal expenses of assets held for sale	Profit/loss
23.471.828	10.951.410	12.520.418	0	0	0

Proceeds from disposal of assets held for sale were included in row 5 of the Statement of profit or loss and other comprehensive income, and expenses for disposal of assets held for sale were disclosed in line 13 of the same statement.

Assets classified as held for sale were valued, in accordance with IFRS, on 31.12.2023.

**NOTE 17 - SHARE CAPITAL. SHAREHOLDING STRUCTURE AND CHANGES IN SHARE CAPITAL**

In December 2023, after completing the asymmetric division process, the share capital of the Company decreased from 57,600,848.70 lei to 32,555,999.70 lei, according to the registration with ONRC on 15.12.2023.

At the Central Depository, the company has a share capital of 57,600,848.70 lei, representing a number of 576,008,487 shares.

Out of the total number of shares issued and outstanding as at **December 31, 2023**, THR Marea Neagra SA does not hold repurchased shares.

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

On **31.12.2023** the shareholder structure (source Central Depository) was as follows:

Shareholders	Percentage(%)	Number of shares	Capital value (lei)
TRANSILVANIA INVESTMENTS ALLIANCE S.A. loc. BRASOV jud. BRASOV	78,7985%	453.885.873	45.388.587,30
Other Legal entities	6,4048%	36.892.113	3.689.211,30
Individuals	14,7967%	85.230.501	8.523.050,10
<b>TOTAL</b>	<b>100,000%</b>	<b>576.008.487</b>	<b>57.600.848.70</b>

The company does not have schemes for granting shares to employees and there are no restrictions on voting rights. It is also not aware of shareholder agreements that may result in restrictions on the transfer of securities and/or voting rights.

The shares of T.H.R. Marea Neagra S.A. are listed on the second category of the Bucharest Stock Exchange starting with August 15, 2002, under the symbol "EFO".

**On the last trading day of 2023, respectively 29.12.2023 at the closing of the Stock Exchange, THR Marea Neagra SA shares were quoted at a maximum value of RON 0.4080/share, compared to RON 0.2030/share on 31.12.2022**

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

Explanation	31 December 2023	31 December 2022
<b>Revaluation differences</b>	<b>98.518.724</b>	<b>199.892.789</b>
<b>Total reserves, of which:</b>	<b>6.524.043</b>	<b>72.622.981</b>
<i>Legal reserves in lim of 5% of DB</i>	<i>6.511.200</i>	<i>9.634.630</i>
<i>Other reserves</i>	<i>12.843</i>	<i>62.988.351</i>
<b>Inflated reserves as a result of IAS29</b>	<b>16.745.901</b>	<b>16.745.901</b>
<b>Total reserves</b>	<b>121.788.668</b>	<b>289.261.671</b>

Revaluation differences relate to land, buildings and other property, plant and equipment of the company and arise from the revaluation of property, plant and equipment in 1999, 2002, 2003, 2005, 2007, 2009, 2011, 2012, 2015, 2019, 2021 and 2022.

**The differences from the revaluation of the company's assets in the amount of RON 98,518,724**, compared to the balance recorded on 31.12.2022, **have decreased in absolute value by RON 101,374,065**, due to revaluation reserves related to assets sold and scrapped in the amount of RON 5,331,585 and the transfer to the newly established company following the asymmetric division process concluded in December 2023 in the amount of RON 96,042,480;

**Legal reserves in the total amount of RON 6,511,200 decrease by 32.42% (RON 3,123,430 in absolute value) compared to 31.12.2022**, due to the transfer to the newly established company following the asymmetric division process concluded in December 2023 in the amount of RON 4,189,137 and the distribution from the current net profit of RON 1,065,707 within the limit of 20% of the share capital and 5% of the current gross profit;

**Other reserves, totalling RON 12,843, with a reduction of 97.96% (RON 62,975,508 in absolute value)** compared to 2022, are due to:

- covering the carry-forward loss of 4,461,880.70 lei representing accessories additionally established by Mangalia City Hall for the period 2008-2012 following the Tax Inspection Report no.57355 / 10.11.2014 and volume discount granted for services provided by tour operators registered in 2022 but related to 2021;
- covering the current net loss registered on 31.12.2022 in the amount of 6,819,856.33 lei;
- distribution of exceptional dividends in the amount of 9,500,018 lei according to OGMS decision no.15 / 19.06.2023-art.12;
- transfer to the newly established company following the asymmetric division process concluded in December 2023 in the amount of 42,193,753 lei.

**NOTE 19 - RETAINED EARNINGS**

Item name	31 December 2023	Discounts	Cresteri	31 December 2022
<b>Retained earnings except retained earnings arising from the first adoption of IAS 29</b>	<b>58.455.686</b>	<b>13.331.098</b>	<b>18.944.759</b>	<b>52.842.025</b>
<i>Retained earnings representing undistributed profit</i>	<i>0</i>	<i>9.590.392</i>	<i>9.590.392</i>	<i>0</i>
<i>Retained earnings arising from correction of accounting errors</i>	<i>(1.179.805)</i>	<i>740.706</i>	<i>4.022.782</i>	<i>(4.461.881)</i>
<i>Surplus realized from revaluation reserves</i>	<i>59.655.490</i>	<i>3.000.001</i>	<i>5.331.586</i>	<i>57.303.905</i>
<b>Retained earnings arising from first-time adoption of IAS 29</b>	<b>(102.691.275)</b>	<b>0</b>	<b>0</b>	<b>(102.691.275)</b>

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**NOTE 19 - RETAINED EARNINGS (continued)**

The retained result in the amount of **58,455,686 lei**, increases compared to 31.12.2023 by **10.62% (5,613,661 lei in absolute value)**, and consists of:  
 -the surplus realized from revaluation reserves in the amount of **RON 59,655,490** (increase compared to 31.12.2022 by RON 5,331,586 representing revaluation differences related to sold and scrapped assets and at the same time a decrease by RON 3,000,001 due to the distribution of part of the exceptional dividends distributed in 2023 for 2022);  
 -retained result resulting from the correction of accounting errors in the negative amount of **RON 1,179,805** (after covering the loss of RON 4,461,881 existing in the balance on 31.12.2022 from other reserves); These are expenses related to previous years, recorded in accounting between January and December 2023 for various reasons, such as: unreceived invoices, materials related to repair works performed in previous years and received in 2023, invoices issued by utility providers in 2023 but referring to consumption related to 2022, etc.;

**NOTE 20 - OTHER EQUITY ITEMS**

Other equity items	31 December 2023	31 December 2022
Deferred income tax recognised on account of equity	(14.149.328)	(27.982.741)
Profit allocation to the legal reserve	(1.065.707)	(356.713)
<b>Total other equity items</b>	<b>(15.215.035)</b>	<b>(28.339.454)</b>

**NOTE 21 - LIABILITIES, LESS ACCRUALS and PROVISIONS**

**Liabilities in balance at 31.12.2023** less provisions and liabilities to banks, are worth **27,254,410 lei**, which we present compared to 31.12.2022 in the table below:

Debt	Payables at 31.12.2023	Payables at 31.12.2022
Trade debts	515.466	3.283.660
Liabilities to group entities	0	0
Providers of fixed assets	53.472	1.729.817
Debts related to employees	142.581	267.590
Other debts	1.350.200	3.616.356
<b>Total liabilities less loans classified as measured at amortised cost</b>	<b>2.061.719</b>	<b>8.897.422</b>
Other taxes and social contributions	1.109.905	5.229.081
Deferred corporate tax	21.436.055	39.944.907
Dividends to be paid	1.485.386	1.479.050
Advances from customers	1.161.345	5.011.565
<b>TOTAL LIABILITIES</b>	<b>27.254.410</b>	<b>60.562.026</b>

**NOTE 21 - LIABILITIES, LESS ACCRUED INCOME and PROVISIONS (continued)**

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**Liabilities in the structure are presented as follows:**

**-commercial debts** to service providers, utilities in the amount of **515,466 lei** (utilities represented by ENEL ENERGIE and RAJA SA, BDO audit, security – Bronec, furniture – Stream Online);

**-debts to fixed assets suppliers in the total amount of 53,472 lei** (NTT Data – SAF-T program, Stream Online – furniture)

**-debts in relation to employees** in the amount of **142,581 lei** composed of salary rights related to December 2023 in the amount of 66,526 lei, medical leave in the amount of 3,584 lei, unraised salaries related to 2022 in the amount of 56,606 lei, management guarantees in the amount of 15,415 lei and personal transport in the amount of 450 lei;

**-other debts** in the amount of **1,350,200 lei** on 31.12.2023 consist mainly of performance guarantees suppliers (73,018 lei), guarantees for debts collected from tenants in the amount of 1,248,639 lei:

**-other taxes and social contributions** in the amount of 1,109,905 lei composed of contributions and taxes related to salary rights of December 2023 in the amount of **150,557 lei**, current profit tax related to the 4<sup>th</sup> quarter of 2023 in the amount of **949,044 lei**, non-chargeable VAT related to invoices to be drawn up to customers from rents in the amount of 10,304 lei;

-deferred profit tax in the amount of **21,436,054 lei** (non-due debt to be recognized as payable liability, as depreciation or exit of fixed assets from patrimony);

**-dividends for the period 2019-2020** in the amount of **876,610 lei**;

**-exceptional dividends** according to OGMS decision no. 15 / 19.06.2023 in the amount of **608,776 lei**;

**-advances** in the amount of **1,161,345 lei** related mainly to the promises of sale of the land afferent to Hotel Ancora (advance of 243,593.62 lei), to Meduza Toilets (advance of 94,915 lei), to the Household Group and Workshops Eforie Nord (advance received in 2023 of 320,984 lei), advance collected in 2022 for tourist services not provided from the Federation of Jewish Communities in Romania – Mosaic Cult.



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**NOTE 21 - LIABILITIES, LESS ACCRUED INCOME and PROVISIONS (continued)**

After chargeability, debts shall be presented as follows:

<b>Debt</b>	<b>Payables at 31.12.2023</b>	<b>under 30 days</b>	<b>30-90 days</b>	<b>91-180 days</b>	<b>181-270 days</b>	<b>270-365 days</b>	<b>&gt; 1 an</b>
Trade debts	515.466	515.466	0	0	0	0	<b>0</b>
Liabilities to group entities	0	0	0	0	0	0	0
Providers of fixed assets	53.472	53.472	0	0	0	0	<b>0</b>
Debts related to employees	142.581	142.581	0	0	0	0	0
Other debts	1.350.200	1.323.248	0	0	482	0	26.470
Interest payable	0	0	0	0	0	0	0
<b>Total liabilities less loans classified as measured at amortised cost</b>	<b>2.061.719</b>	<b>2.034.768</b>	<b>0</b>	<b>0</b>	<b>482</b>	<b>0</b>	<b>26.470</b>
Other taxes and social contributions	22.545.960	1.109.905	0	0	0	0	21.436.055
Dividends to be paid	1.485.386	1.485.386	0	0	0	0	0
Advances from customers	1.161.345	1.161.345	0	0	0	0	0
<b>TOTAL LIABILITIES</b>	<b>27.254.410</b>	<b>5.791.404</b>	<b>0</b>	<b>0</b>	<b>482</b>	<b>0</b>	<b>21.462.525</b>

**Liabilities with an overdue date of more than one year** are represented by performance guarantees suppliers in the amount of 26,470 lei and deferred profit tax in the amount of 21,436,055 lei (non-due debt to be recognized as payable debt, as depreciation or exit of fixed assets from patrimony).

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**NOTE 22 – PROVISIONS**

As of **December 31, 2023**, the Company had provisions of **RON 426,219**:

<b>Nr. Crt.</b>	<b>Explanation</b>	<b>31 December 2023</b>	<b>Creation of provision until 31.12.2023</b>	<b>Cancellation of provision until 31.12.2023</b>	<b>31 December 2022</b>
<b>1</b>	<b>Provisions for disputes total of which:</b>	<b>227.429</b>	<b>46.813</b>	<b>1.750.097</b>	<b>1.930.712</b>
<b>1.1.</b>	<b>Provisions for legal entity disputes</b>	<b>149.770</b>	<b>0</b>	<b>3.570</b>	<b>153.340</b>
	<i>Judge. Constanta - Court costs representing the lawyer's fee of the City of Eforie for file 8013/118/2017 in which THR tried to cancel a dereliction fee</i>	0	0	3.570	3.570
	<i>Eforie City Hall - taxes and accessories additionally calculated as a result of fiscal control, contested by THR</i>	9.469	0	0	9.469
	<i>Monica Saturn - File no.3208/254/2019 - lack of use of space housing the sea water pump (Aida Buffet)</i>	41.200	0	0	41.200
	<i>Alcon SRL - File no.8002/118/2020 - Invoice penalties</i>	99.101	0	0	99.101
<b>1.2.</b>	<b>Provisions for disputes against individuals</b>	<b>77.658</b>	<b>46.813</b>	<b>1.746.527</b>	<b>1.777.372</b>
	<i>Carja Vasile - File no.3093/118/2016 - claims for improvements made to Villa Flora before its return to THR</i>	0	0	1.453.478	1.453.478
	<i>Ciocan Adrian Lionor - labor dispute</i>	69.237	38.392	0	30.845
	<i>Cociuban Georgiana - labour dispute</i>	0	0	55.848	55.848
	<i>Cociuban Mihai - labor dispute</i>	0	0	92.760	92.760
	<i>Cristea Gheorghe - labor dispute</i>	0	0	3.500	3.500
	<i>Gavrila Stefan - Mula litigation - file 8738/118/2022 - imputation of inventory gaps</i>	8.421	8.421	0	0
	<i>Hagi Dumitru - labour dispute</i>	0	0	140.941	140.941
<b>2</b>	<b>Provisions for employee benefits total of which:</b>	<b>196.729</b>	<b>93.758</b>	<b>125.286</b>	<b>228.257</b>
	<i>Provisions for retirement rights</i>	61.410	35.124	29.592	55.878
	<i>Provisions for Unpaid Holidays</i>	135.319	58.634	95.694	172.379
<b>1.3.</b>	<b>Other provisions</b>	<b>2.062</b>	<b>2.062</b>	<b>0</b>	<b>0</b>
	<i>Double salary payment August 2022 Adrian Munteanu</i>	2.062	2.062	0	0
	<b>TOTAL PROVISIONS</b>	<b>426.219</b>	<b>142.633</b>	<b>1.875.383</b>	<b>2.158.969</b>

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**NOTE 23 - RELATED PARTY TRANSACTIONS**

Compared to the same period last year, related party transactions were made **in 2023**, as shown in the tables below. The values shown include value added tax.

<b>Receivables (excluding tourist advances collected)</b>		
<b>Filiated parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Transilvania Hotels&Travel SA	605.739	512.542
<b>TOTAL</b>	<b>605.739</b>	<b>512.542</b>
<b>Debt</b>		
<b>Filiated parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Transilvania Leasing si Credit IFN SA - loan balance with real estate guarantee	0	4.339.541
Transilvania Leasing sj Credit IFN SA – financial leasing balance	0	190.623
<b>TOTAL</b>	<b>0</b>	<b>4.530.164</b>

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

<b>Vanzari</b>		
<b>Filiated parties</b>	<b>Year 2023</b>	<b>Year 2022</b>
Transilvania Hotels&Travel SA	93.197	1.599.170
<b>TOTAL</b>	<b>93.197</b>	<b>1.599.170</b>
<b>Purchases</b>		
<b>Filiated parties</b>	<b>An 2023</b>	<b>An 2022</b>
Transilvania Hotels&Travel SA	0	1.400
Transilvania Leasing si Credit IFN SA - financial leasing contract	273.617	120.100
<b>TOTAL</b>	<b>273.617</b>	<b>121.500</b>

In accordance with IAS 24 "Disclosure of Related Parties", paragraph 17, we specify that:

- outstanding balances of receivables and payables between related parties are related to commercial transactions that are carried out under terms and conditions similar to terms and conditions that would have been accepted by third parties and are not guaranteed;
- we cannot provide additional information on the guarantees given or received as it was not the case to set up;

The company made adjustments for the depreciation of **RON 443,592.84** representing a receivable related to the outstanding balance of Transylvania Hotels & Travel SA, an insolvent company, an amount with which THR Marea Neagra SA signed up in 2017.

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**NOTE 24 - CONTINGENT ASSETS AND LIABILITIES**

In all disputes, THR has undertaken due diligence to defend property rights. At the time of drawing up the report, there are no disputes regarding the ownership of **Construction** belonging to T.H.R. Marea Neagra S.A.. The only dispute that the Company had in this regard was related to the ownership of the construction of PTTR Saturn Agency, the court recognizing THR's ownership of this construction.

One of the significant litigations was the one with ALCON GRUP 2001 SRL – file no.8002/118/2020 of the Constanta Court through which Alcon Grup was suing THR Marea Neagra SA, the dispute having as object claims resulting from the performance of the enterprise contract no.25 / 12.02.2019 in the amount of 3,289,110.88 lei (representing the equivalent value of construction works performed at Diana Hotel in Eforie Nord). In view of the process of division, the Hotel Diana, which was the subject of the dispute, was transferred to the new company established following the division, the dispute was transferred to that company.

Another dispute is with Neptun Hotels SRL, one of our tenants, which in file no. 681/118/2023 of the Constanta Court, asks THR to pay for Magura Complex, the amount of EUR 411,639 representing cval investments made in advance of the provisions of the lease agreement. Dismiss action. The judgment was appealed.

**NOTE 25 - IMPORTANT ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The preparation of financial statements in accordance with IFRS standards implied the use by the company's management of judgements in applying accounting policies with implications on the carrying amount of assets and liabilities in separate financial statements, as follows:

- Property, plant and equipment were periodically revalued. The evaluation was made by authorized evaluators, ANEVAR members.
- Fair values are based on market values, that is to say, the estimated value for which an asset could be exchanged at the valuation date in an arm's length transaction after appropriate marketing between two informed stakeholders. In the absence of current prices in an active market, valuations are prepared taking into account the aggregate amount of cash flows expected to be derived from the sale of the asset. Annual net cash flows are subject to a rate of return that reflects the specific risks inherent in net cash flows to obtain the valuation of the asset.
- Assets recorded at cost are valued for impairment according to the accounting policies of the company. The impairment measurement of receivables is conducted on an individual basis and is based on management's best estimate of the present value of cash flows expected to be received. In order to estimate these flows, management makes certain estimates about the financial condition of the counterparty. Each impaired asset is analyzed individually.
- The accuracy of the estimate of impairments depends on the estimation of future cash flows for specific counterparties. The recording of provisions was made taking into account the chances of winning for the cases pending before the competent courts.
- For fair value measurement differences, the related deferred tax was calculated, while the company's provisions for taxes were derecognised to the derecognised reserves described above.

**NOTE 26 - MATERIAL RISK MANAGEMENT POLICY**

The company is exposed to a variety of general risks.

**Risk** is defined as the possibility of unfavourable deviations in results from an expected level due to random fluctuations.

**Significant risks** represent risks with a significant impact on the patrimonial and/or reputational situation of the company.

The purpose of the risk assessment is to identify the materiality level and effects of the risks assumed by the company in the investment activity.

In its activity, the company may face uncontrollable risks, which are generally associated with external factors such as macroeconomic conditions, legislative changes, changes related to the competitive environment, etc.

As a rule, however, the company faces controllable risks, for which active management policies and procedures (analysis, monitoring and control) are adopted.

The main risks to which the company is exposed are:

- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Operational risk

**Currency risk**

The company is easily exposed to exchange rate fluctuations, mainly in the case of obligations and receivables in lei, but which through contracts are consolidated against other currencies, usually in EURO.

The company has not used and does not currently use derivatives to protect itself from fluctuations in the exchange rate of the “leu” against other currencies.

**Interest rate risk**

The company's operating cash flows are affected by interest rate changes, mainly for credit lines and loans contracted according to ROBOR.

**Credit risk**

Credit risk is represented by the risk of losses or non-realization of estimated profits as a result of non-fulfillment of financial obligations.

**Liquidity risk**

Liquidity is the ability of the company to secure the funds necessary to meet all its direct and indirect payment obligations at a reasonable price at any time. Liquidity risk is the actual or potential risk to which the company's profits and capital could be subject as a result of its failure to meet its payment obligations at maturity.

The company has always sought to ensure a balance between its sources of financing and its short-term needs, so that it has always had liquidity to meet its financial obligations.

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**NOTE 26 - MATERIAL RISK MANAGEMENT POLICY (continuation)**

**Operational risk**

Operational risk is defined as the risk of losses or non-realisation of expected profits due to internal factors such as inadequate performance of internal activities, or due to external factors such as economic conditions, changes in the capital market, technological progress. Operational risk is inherent in all activities of the Company.

The policies adopted by the company for the prevention and management of operational risk, which may have a direct, negative impact on the operating activity (base), have taken into account each type of event that may generate such risks.

A summary of financial instruments held by category is provided below:

<b>ASSETS</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade receivables and similar	676.197	3,035,626
Cash and cash equivalents	8.407.881	382,174
<b>Total</b>	<b>9.084.078</b>	<b>3,417,800</b>
<b>DEBT</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade and similar debts	2.061.719	8,897,423
Short-term loans	0	1.953.587
<b>Total</b>	<b>2.061.719</b>	<b>10.851.010</b>

The overall objective of the Board of Directors is to establish policies that seek to reduce risk as much as possible without affecting the competitiveness and flexibility of the company. The fair value of the financial receivables and liabilities described above approximates their carrying amount.

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**NOTE 26 - MATERIAL RISK MANAGEMENT POLICY (continuation)**

The assets and liabilities were analysed on the basis of the period remaining from the balance sheet date to the contractual maturity date for the financial year 2023 thus:

<i>Explanation</i>	<b>Note</b>	<b>Book value</b>	<b>Under 6 months</b>	<b>Between 6 and 12 months</b>	<b>More than 1 year</b>	<b>No predetermined maturity</b>
<b>Assets</b>						
Cash and cash equivalents	15	8.407.881	8.407.881	-	-	-
Non-cash financial assets classified as loans and receivables	13	918.983	918.983	-	-	-
Current assets		235.400.953	-	-	-	235.400.953
<b>Total assets</b>		<b>244.727.817</b>	<b>9.326.864</b>	<b>-</b>	<b>-</b>	<b>235.400.953</b>
<b>Debt</b>						
Amounts owed to credit institutions	21	0	0	0	0	-
Total liabilities less loans classified as measured at amortised cost	21	2.061.719	2.034.768	482	26.470	-
<b>Total liabilities</b>		<b>2.061.719</b>	<b>2.034.768</b>	<b>482</b>	<b>26.470</b>	<b>-</b>
						-
<b>Excess liquidity during the period</b>		<b>242.666.098</b>	<b>7.292.097</b>	<b>(482)</b>	<b>(26.470)</b>	<b>235.400.953</b>
<b>Cumulative excess liquidity</b>		<b>242.666.098</b>	<b>7.292.097</b>	<b>7.291.615</b>	<b>7.265.145</b>	<b>242.666.098</b>

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**NOTE 26 - POLICY ON MANAGEMENT OF SIGNIFICANT RISKS (CONTINUED)**

**Capital management**

The Company's objectives in capital management are to provide protection and capability to reward its shareholders, to maintain an optimal capital structure to reduce capital costs.

In order to maintain or modify the capital structure. The company can change the amount of dividends paid to shareholders, return on shareholder capital, issue new shares or sell assets to reduce liabilities.

The company monitors the volume of attracted capital based on indebtedness. This ratio is calculated as the ratio of net debt to total capital. Net liabilities are calculated as total net cash liabilities. Total capital is calculated as equity plus net liabilities.

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<b>Explanation</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Total liabilities (long and short term) including provisions	27.680.632	67.914.179
Cash and cash equivalents	(8.407.881)	(382.174)
Total equity	(217.280.565)	(350.047.530)
<b>Net debt indicator</b>	<b>(198.007.815)</b>	<b>(282.515.526)</b>

**NOTE 27 - POST-BALANCE SHEET EVENTS**

**In the Extraordinary General Meeting of Shareholders no. 4 of 12.12.2023, the partial, asymmetric division, in the interest of shareholders, without dissolution of THR Marea Neagra S.A. and the price (0.4414 lei/share) to be paid by THR to shareholders who will exercise their right of withdrawal under the conditions of Article 134 of Law 31/1990 was approved.** Therefore, the shareholders of THR Marea Neagra S.A. who did not vote in favor of the division of the company, will have the right to withdraw from THR Marea Neagra S.A. with the consequence of the redemption of their shares by THR Marea Neagra S.A., within 30 days from the date of adoption of the decision of the general meeting on the Division, more precisely until 11.01.2024 inclusive. These shareholders will notify THR Marea Neagra S.A. until 11.01.2024 inclusive, regarding the exercise of the right of withdrawal. The payment of the amounts due to shareholders who have withdrawn will be made until 12.04.2024.

Until the above-mentioned date, a number of 40 withdrawal requests were registered, totaling a number of 48,765,483 shares representing as payment amount to them, 21,525,084 lei.



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**NOTE 28 - PROPOSALS OF THE BOARD OF DIRECTORS FOR DISTRIBUTION/COVERAGE of net/net profit/loss**

In 2023, the Company carried out its activity in accordance with the provisions of the Articles of Association, of the decisions of the General Assembly, of the Income and Expenditure Budget, in compliance with the legislation in force regarding the organization and reflection in accounting of the specific activity, as well as the regulations of the capital market.

At the end of 2023, the company registers:

**I.NET PROFIT of 34,549,664.01** which the Board of Directors proposes to be distributed as follows:

- |   |                          |
|---|--------------------------|
| ➤ <b>To the legal reserve</b> according to art. 183 of Law 31/1990 on commercial companies. | <b>1.065.707,24 lei</b>  |
| ➤ <b>Other reserves</b>   | <b>33.483.956,77 lei</b> |

**II.** The Board of Directors also proposes to cover from the amounts recorded in account 1175 "Retained earnings arising from taxed revaluation reserve surplus" the following losses:

**1. ACCOUNTING LOSS carried forward from correction of accounting errors (CONT 1174) carried forward of 1,179,804.57 lei**, whose component is the following:

- Expenses with employees' rents, with linen rental services in 2022, income reversal from rent differences from taxes related to Magura complex and Capitol complex, cancellation of rental income related to Jupiter Hotel (contract terminated at the beginning of 2023), in the total amount of **575,402.87 lei**;
- Expenses with commissions for online reservations and fees in the amount of **5,872.74 lei**;
- Expenses with works executed by third parties (consultancy for elaboration of photovoltaic panel financing application, installation works for technical equipment regarding the security of objectives, commissioning of Cleopatra restaurant awnings, PSI services, cancellation of duplicate invoices, finding faults of luminous companies, inspection and authorization of elevator H Diana, CNCIR maintenance, manufacture of Brad terrace bar countertops, Campland electrical connection, etc.) in the total amount of **29,416.03 lei**;
- Expenses with materials repairing works executed in 2022 and received in 2023 at the objectives Aida, Bai Reci, Cerna, Prahova, Laundry, Cleopatra, in the amount of **244,285.40 lei**;
- Materials and goods consumed in 2022, whose invoices entered the company in 2023 in the amount of **2,475.61 lei**;
- Old balance adjustments in the amount of **27,644.15 lei**
- Reinstatement of erroneously adjusted depreciation December 2021 in the amount of **236,730.13 lei**
- Salary expenses following Marius Zamfir's reactivation and commitment to pay Ene Daniela in the amount of 12,053.15 lei
- Income adjustments from tourism services related to 2021/2022 in the amount of 6,346.12 lei
- Utility expenses (electricity, water, gas) for 2022 in the amount of **51,323.85 lei**;

**2. ACCOUNTING LOSS** resulting from the cancellation of own shares, in the amount of **4,329.31 lei**, existing in the debit of account 149 - "Losses related to the sale / cancellation of equity instruments"

In EGM no. 1 of THR Marea Neagra SA of 22.10.2019, it was decided to redeem own shares by the company, in accordance with the applicable legal provisions, within the limit of 1% of the share capital, ie 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 company's shares

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on BVB and at a maximum price of 0.15 lei/share, with the purpose of "*distributing the repurchased shares, free of charge, to the administrators, directors and employees of the company in order to streamline and retain their activity within a Stock Option Plan program*" and with the development of the program for a maximum period of 9 months.

**NOTE 28 - PROPOSALS OF THE BOARD OF DIRECTORS FOR DISTRIBUTION/COVERAGE of net/net profit/loss (continued)**

From the beginning of the program until its end, the company repurchased 2,941,452 shares. At a market value of 298,474.51 lei.

On 05.10.2020, by the majority provided by law, the Extraordinary General Meeting of Shareholders of THR Marea Neagra SA decides to change the destination of the buy-back program approved by EGM no. 1 of 22.10.2019, in "*reduction of capital by cancellation of own shares*" with the amount of 294,145.20 lei, representing the equivalent value of the 2,941,452 shares at the nominal value of 0.1 lei/share.

**Between the market value and the nominal value of the repurchased shares with which the share capital was reduced, resulted in a loss of 4,329.31 lei.**

**3.CARRYING LOSS brought forward** arising from the first application of **IAS 29**, in the amount of **102,691,274** on the debit of account 118 - "Retained earnings arising from the first-time adoption of IAS 29",

loss that the Board of Directors proposes to be covered using the same equity items that generated that loss:

-account 1028 "Socail capital adjustments" for the amount of **85.945.333 lei**

Account 104 "Capital premiums from the application of IAS 29" in the amount of **41 lei**

- account 1061 "Legal reserves from the application of IAS 29" for the amount of **1.280.018 lei**

Account 1068 "Other reserves under IAS 29: for the amount of **15.465.883 lei**

This amount was recorded in the accounts in 2015, following the request of the Financial Supervisory Authority, by which the company performed the restatement of the share capital according to the provisions of IAS 29 "Financial reporting in hyperinflationary economies" (applicable in Romania until January 1, 2004), registering an increase of equity by **RON 102,691,274**. This adjustment did not change the share capital registered with ONRC, but had a negative impact (loss) on retained earnings.

**GENERAL MANAGER,**  
Mihaela Ichim

**ECONOMIC MANAGER,**  
Mădălina Comșa

