



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei

Two tier corporate model



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

**Material related to item no. 1 of AGOA agenda of meeting concerning *Presentation, debate and approval of individual financial situations related to financial exercise 2019, based on the reports presented by the Company's Board of Directors and financial auditor***

## The Report

### To THR Marea Neagră SA Board of Directors related to the individual financial situations drawn up for the year 2019

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

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

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

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

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

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

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

Subscribed and paid capital: **57.894.993,9 lei**

The main characteristics of the securities issued by the trade company: nominative, ordinary, dematerialised and indivisible shares, with a nominal value of 0,1 lei/action.

## 1. ANALYSE OF THE COMPANY ACTIVITY

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

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

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

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



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

The Trade Company was established on the date of 05.03.1991, having the name of S.C. Eforie S.A.

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

In AGEA from the date of 8<sup>th</sup> of November 2017, the Company's Management system is changed in two-tier system, the Company's management being performed from now by the Supervisory Board and the Board of Directors.

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

In the year 2019, no mergers or reorganizations have taken place.

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

In the year 2019, the Company continued the development/restructuring Company's strategy, by the sale of some assets from the Company's heritage, namely:

- Claudia Complex (building and field) of Venus;
- Ancora Hotel (building) of Eforie Sud;
- CFR Travel Agency (building) of Venus;
- Field in a surface of 525 mp in Sat Vacanță Dunarea of Saturn;
- Rapsodia Garden (building and field) of Eforie Nord.

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

- a) Gross profit : **7.840.850 lei**
- b) Total incomes: **59.898.459 lei** (excluding incomes from provisions abort amounting to 111.929 lei and the incomes related to the postponed corporate tax amounting to 62.935 lei);
- c) Turnover: **48.663.596 lei**
- d) Export : not applicable
- e) Total costs: **52.057.609 lei** (excluding current postponed corporate tax, specific tax, for a total amount of **2.311.722 lei**);
- f) % from the market held: **12,80%** from the local tourist market
- g) Available in the account: **31.437.052 lei.**

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



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei

Two tier corporate model



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

The company also has hotel units located in the market with well-consolidated positions at national level, some having a market at European level.

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

To mitigate the seasonal character, the company has oriented its investment program towards the development of its own capacities for the provision of the spa medical services by using the specific natural treatment factors, currently having 4 own treatment bases within the Hotel Complexes “Hora”, “Balada”, “Sirena” - Saturn and the Hotel Complex “Bran-Brad-Bega” of Eforie Nord, the last one being put into operation in the year 2012.

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

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

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

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

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

In 2019, THR Marea Neagra SA operated in direct management a number of 5,972 places of accommodation and 4,710 places of public food, located in the tourist resorts on the Romanian coast of the Black Sea in units classified in category 4 \*, 3 \* and 2 \*.

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

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

The direct sales at hotel receptions, especially at the end of the week, have a significant share in sales, the company being organized to receive and solve the requests in order to optimally cover their own capabilities of service provision.



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

The tourist product of the main accommodation capacities is also distributed on the external market based on the contracts concluded with the partners.

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

Indicators	Accomplished 2019 (lei)	Accomplished 2018 (lei)	BVC 2019 (lei)	Performed index 31.12.2019/ accomplished 31.12.2018	Performed index 31.12.2019 / BVC 31.12.2019	Total revenue weights (%)		Total weights Turnover (%)	
						Performed 2019	Performed 2018	Performed 2019	Performed 2018
Total incomes, exclusively the revenues from cancellation of provisions and exclusively the postponed income tax	59.898.459	63.931.472	54.824.500	93,69%	109,25%				
Turnover, whereby:	48.663.596	46.416.147	48.456.500	104,84%	100,43%	81,24	73,04	100,00	100,00
- Accommodation	30.471.444	29.393.891	33.440.000	103,67%	91,12%	50,87	46,26	62,62	63,33
- Public catering	14.399.840	13.932.309	14.210.000	103,36%	101,34%	24,04	21,93	29,59	30,02
- Rents	1.616.195	1.413.225	1.183.600	114,36%	136,55%	2,70	2,22	3,32	3,04
Other revenues included in the turnover	2.176.117	1.676.723	-377.100	129,78%	-	3,63	2,64	4,47	3,61

**Total incomes**, exclusively the revenues from cancellation of provisions and the income related to the deferred income tax, registered by the company in the financial year 2019, are worth **59.898.459 lei**, knowing a decrease from the total revenues of the year 2018 (63,931,472 lei) by 6.31% and an **increase with 9,25% to the budget** approved for the year 2019.

We mention that this decrease of the total revenues from 2019 compared to 2018, comes from the activity of sales of assets, a subsidiary activity to the main object of activity. For this activity, the company does not have all the control levers, this being influenced by many exogenous factors (market situation, demand intensity, economic factors, etc.).

An important weight in the total revenues is represented by the income from accommodation (30,471,444 lei), which represents 50.78% and the revenues from public food (14,399,840 lei), which represents 24.04%. In 2019 there was an increase in the share of the main activity (accommodation and public catering) in total revenues, as shown in the table above.

Within the total revenues of the year 2019, **the turnover** totals **48.663.596 lei**, which is **an increase** to turnover of the previous year (46.416.147 lei) with 4,84% and an **increase** with 0,43% to the budget approved for the year 2019.



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

---

The revenues that composes the turnover in 2019 were obtained from the following activities:

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

The largest share in the turnover structure is represented by the revenues from the accommodation activity – 62,62%.

The revenues from the public catering accounted for 29.59% of the turnover, and the revenues from the rental activity registered a reduced share in the turnover, namely of 3,32%.

The group "Other revenues" reflected in the turnover, achieved by carrying out secondary activities (treatment, parking, swimming pools) totaled 2,176,117 lei, namely a weight of 3.63%.

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

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

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

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

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

Special offers have been launched to boost sales of service packages: offers of packages with full board and treatment, offers to stimulate online sales (discounts for non-refundable receipts, offers 'Best deal', offers 'Last minute', discounts for bookings during certain periods, accommodation and treatment packages), offers for conference rooms, participation



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

in programs promoted by employers' organizations in tourism ('Litoralul pentru toți', 'Decada balneară', 'Hai la băi', 'O săptămână de refacere').

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

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

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

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

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

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

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

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

### 1.1.4. Assessment of the sales activity

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

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

In 2019, compared to the BVC and the achievements of the previous year, the tourist circulation is presented as follows:

Explanation	CNPP	Tourism agencies	Other beneficiaries	Own account + online	Tourist-days
					TOTAL



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

<b>Performed on the date of 31 December 2019</b>	<b>103.998</b>	<b>236.654</b>	<b>18.878</b>	27.517	<b>387.047</b>
<b>BVC on the date of 31 December 2019</b>	<b>109.760</b>	<b>236.532</b>	<b>19.143</b>	26.599	<b>392.034</b>
Differences Performed on the date of 31 December 2019/ BVC on the date of 31 Decembrie 2019	-5.762	122	-265	918	-4.987
Percentage performed 31 Decembrie 2019/ BVC 31 Decembrie 2019	94,75%	100,05%	98,62%	103,45%	98,73%
<b>Performed on the date of 31 Decembrie 2018</b>	<b>107.900</b>	<b>236.535</b>	<b>30.693</b>	26.600	<b>401.728</b>
Differences performed 31.12.2019/ Performed 31.12.2018	-3.902	119	-11.815	917	-14.681
Percentage performed 31.12.19/ Performed 31.12.18	96,38%	100,05%	61,51%	103,45%	96,35%
<b>Weights in the structure on the date of 31.12.2019</b>	<b>26,87%</b>	<b>61,14%</b>	<b>4,88%</b>	<b>7,11%</b>	<b>100,00%</b>
<b>Weights in the structure on the date of 31.12.2018</b>	<b>26,86%</b>	<b>58,88%</b>	<b>7,64%</b>	<b>6,62%</b>	<b>100,00%</b>

Accommodation capacity 2019 (places)	<b>5.972</b>
Accommodation capacity 2018 (places)	<b>6.580</b>

As you can see, in 2019 there was a tourist circulation of 387,047 tourist days, representing a decrease compared to the budgeted indicator (392,034 tourist days) by 1.27%, and a decrease compared to 2018 (401,728 days - 3.65%). The decrease was mainly determined by the decrease of the accommodation capacity in 2019 compared to 2018 due to the transfer of some assets, as well as by the decrease of the number of places auctioned by the National House of Public Pensions.

In the 2019 season the units were opened between 31.05 - 09.10.2019, registering an average occupancy rate of 71.36%, and in the 2018 season the units were opened between 23.05 - 30.09.2018, registering a degree average employment of 73.12%.

The occupancy rate of 2019 was influenced by the low tourist circulation since July, when the weather was unfavorable.

From the analysis of the tourist circulation, we notice:

- The treatment contract concluded with the National House of Public Pensions (CNPP) ensured in 2019 a tourist circulation of 103,998 tourist days, with 5,762 tourist days less than the budgetary provision and with 3,902 tourist days less than achieved in



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

2018. This decrease is due to the decrease of the number of places auctioned by CNPP on resorts.

- The tourist circulation through the travel agencies increased in 2019 compared to 2018, with 119 tourist-days, and compared to the budgetary provision registered an increase with 122 tourist-days.

- The company also signed agreements with other beneficiaries (trade unions, associations, sports federations, etc.), based on which a tourist circulation of 18,878 tourist days was made, compared to 19,143 budgeted tourist days, which represents a decrease of 1.38 % compared to the budgetary provisions and a decrease compared to the realized one of 2018 with 38.49%, decrease due to the smaller number of holiday vouchers that Romanians benefited in 2019, compared to 2018 and the cancellation of artistic events generating tourist influx.

- The segment of own and online sales registered an increase with 918 tourist days compared to the budgetary provision, and an increase with 917 tourist days compared to the year 2018.

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

Explanations	CNPP	Tourism agencies	Other beneficiaries	Own account + online	TOTAL
<b>Tourist number 2019</b>	<b>6.493</b>	<b>37.696</b>	<b>2.368</b>	<b>6.495</b>	<b>53.052</b>
Tourists number 2018	6.799	39.418	5.079	6.710	58.006
<b>Differences 2019/2018</b>	<b>-306</b>	<b>-1.722</b>	<b>-2.711</b>	<b>-215</b>	<b>-4.954</b>
<b>% 2019/2018</b>	<b>95,50%</b>	<b>95,63%</b>	<b>46,62%</b>	<b>96,80%</b>	<b>91,46%</b>
% 2019/ Partners	12,24%	71,05%	4,46%	12,24%	<b>100,00%</b>
% 2018/ Partners	11,72%	67,96%	8,76%	11,57%	<b>100,00%</b>

Explanations	Treatment	Agencies	Own account	Other beneficiaries	Online	TOTAL
Average stay 2019	16,00	6,27	3,93	7,97	4,35	7,30
Average stay 2018	15,87	6,00	3,75	5,72	4,09	6,80
<b>Diferences 2019/2018</b>	<b>0,13</b>	<b>0,27</b>	<b>0,18</b>	<b>2,25</b>	<b>0,26</b>	<b>0,50</b>





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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei

Two tier corporate model



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

From the analysis of the situation presented above, it has been shown that the average tourist stay indicator increased in 2019, representing 7.30 days average stay compared to 6.80 days average stay in 2018.

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

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

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

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

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

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

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

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

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

Share of each distribution channel in total year 2019:



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

Explanations	CNPP	Tourism agencies	Other beneficiaries	Own account and Online	TOTAL
<i>Tourist days 2019</i>	<i>103.998</i>	<i>236.654</i>	<i>18.878</i>	<i>27.517</i>	<i>387.047</i>
<b>Weight in total 2019 (%)</b>	<b>26,87 %</b>	<b>61,14 %</b>	<b>4,88 %</b>	<b>7,11 %</b>	<b>100.00%</b>

An important weight in the sale of tourism products is represented by the tour operators, with 61.14% of the total tourist days performed in 2019.

Also, another important customer, with 26.87% of the total tourist-days, is the National House of Public Pensions. Considering that the public procurement of this partner is made for the public sector pensioners, the non-acquisition by CNPP of these services does not cancel the consumption demand. The treatment of health being a necessary and continuous process, the product will be placed on other distribution channels, so that the customer can get to buy the necessary product.

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

α) Regarding human resources in 2019, compared to 2018, the evolution is as follows:

Cr t. No.	Indicator	Number on the date of 31.12.2019	Average number in 2019	Average number in 2018
A	<b>Permanent personal number whereby:</b>	<b>101</b>	<b>101</b>	<b>105</b>
	<i>a)Tesa Personnel</i>	<i>36</i>	<i>35</i>	<i>35</i>
	<i>b)Operational personnel</i>	<i>65</i>	<i>66</i>	<i>70</i>
B	<b>Seasonal personal number (exclusively day laborers)</b>	<b>49</b>	<b>259</b>	<b>211</b>
	<b>Total personnel</b>	<b>150</b>	<b>360</b>	<b>316</b>
C	<b>Managers and executive management</b>	<b>6</b>	<b>6</b>	<b>6</b>

Compared to 2018, in 2019 there is an increase in the average number of personnel in the seasonal segment, due to keeping seasonal staff active for a period longer than the activity period of the accommodation and public catering units, in order to motivate them, in the context of labor market difficulties.

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

Crt. No.	Indicator	2019	2018	Index 2019/2018 (%)
----------	-----------	------	------	---------------------



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

1	Gross wage expenses (excluding the wages of the Supervisory Board Members, of the Steering Committee Members, Day Laborers) (lei)	13.536.774	10.318.733	131,19%
2	Employees average number	360	316	113,92%
3	Turnover (lei)	48.663.596	46.416.147	104,84%
4	Labor productivity (lei/employee)	135.177	146.780	92,03%
5	The average monthly gross wage performed (lei)	3.134,65	2.719,21	115,28%
6	Average gross wage on the economy (lei)	5.163,00	4.162,00	124,05%
7	Gross minimum wage on the economy (lei)	2.080,00	1.900,00	109,47%

The gross wage expenses in 2019 registered an increase compared to 2018 with 31.19% due to the increase of the average number of employees by 13.92% as well as the increase in the level of the minimum gross wage in the economy, from 1,900 lei to 2,080 lei.

The gross wage expenses in 2019 registered an increase compared to 2018 with 31.19% due to the increase of the average number of employees by 13.92% as well as the increase in the level of the minimum gross wage in the economy, from 1,900 lei to 2,080 lei.

Compared to the average level of gross salary per economy of 5.163 lei, the level of gross salary registered on the company of 3.134.65 lei represents 60.71%.

β) Relations between Managers and Employees, regulated by the Collective Labor Agreement,

it is based on communication, involvement and team spirit, respecting the rules and working procedures established by ROI, the job description, without any conflicting elements.

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

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

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

In 2019, the Company didn't face any litigation generated by the non-observance of the environmental legal regulations.



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

## 2. FINANCIAL AND ACCOUNTING STATEMENT

In 2019, T.H.R. Marea Neagră S.A. had the accounting organized according to OMF 881/2012 and OMF 2844/2016 to approve the accounting regulations conforming to the International Financial Reporting Standards. By these orders, it has been stated that companies whose securities are listed on the regulated market, including T.H.R. Marea Neagră SA, have the obligation to prepare the financial statements in accordance with the above mentioned normative acts.

In accordance with the mentioned regulations, the financial statements are audited, annually, by the audit firm ABA Audit S.R.L. of Timișoara, based on the service agreement no. 1998 / 13.06.2019

The dynamic situation of the main assets at 31.12.2019, in comparison with the similar elements of the years 2018 and 2017, is presented as follows:

ASSET	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Value on the date of 31.12.2017 (lei)	Variation 2019/2018 (%)	Weight 2019 in total assets (%)
Intangible assets	487.276	350.357	396.453	139,08%	0,18%
Tangible immobilizations	178.054.087	177.378.197	183.895.784	100,38%	64,94%
Real estate investments	29.274.302	16.065.300	17.191.112	182,22%	10,68%
Financial assets	2.000	2.000	2.434.010	100,00%	0,00%
Fixed assets (including deferred tax assets)	462.004	1.416.286	1.404.650	32,62%	0,17%
<b>TOTAL FIXED ASSETS</b>	<b>208.279.668</b>	<b>195.212.141</b>	<b>205.322.009</b>	<b>106,69%</b>	<b>75,96%</b>
Inventories	1.665.470	294.185	442.128	566,13%	0,61%
Trade receivables	524.646	787.604	1.501.784	66,61%	0,19%
Other receivables	2.886.925	1.771.212	3.367.037	162,99%	1,05%
Cash availability	31.437.052	27.411.276	4.439.143	114,69%	11,46%
Assets classified as held for sale	29.359.724	37.666.185	36.516.013	77,95%	10,71%
Expenses registered in advance	46.780	895.292	782.016	5,23%	0,02%
<b>TOTAL OF DEPRECIATION OF CURRENT ASSETS</b>	<b>65.920.598</b>	<b>68.825.754</b>	<b>47.048.121</b>	<b>95,78%</b>	<b>24,04%</b>
<b>TOTAL OF ASSET</b>	<b>274.200.266</b>	<b>264.037.895</b>	<b>252.370.130</b>	<b>103,85%</b>	<b>100,00%</b>

Within the assets of the company, the largest share is held by the **fixed assets** (75.96%), and within them the tangible assets representing 64.94% of the total assets.



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

On the date of 31.12.2019, in fixed assets we see an increase of 6.69% compared to 2018, an increase due mainly to the increase recorded by the **Real Estate Investments indicator** with the value corresponding to the gains from the fair value valuation at 31.12.2019, as well as the increase recorded by the indicator Intangible assets with the value of the investment representing Clarvision ERP Integrated Economic Management System.

The other indicators that make up the **fixed assets** know both increases and reductions, as follows:

## **-Tangible assets**

**"Lands and arrangements lands"** register on the date of 31.12.2019 a balance owed by **58.942.312,08 lei**.

Compared to the balance registered on 31.12.2018, a reduction of **5,868,659.53 lei** is represented, representing the value of land sold and an increase of **6,035,422.73 lei** due to the differences in re-assessment resulting from the reassessment of the land at 31.12.2019.

**"Buildings"** registers on 31.12.2019 a debtor balance of **100.008.574,82 lei**.

Compared to the balance registered on 31.12.2018, there is a reduction of this amount with the amount of **20,983,669.57 lei**, on account of the buildings sold (Venus Travel Agency Building), on the account of the classification as real estate investments of rented buildings (Siret Complex, Mureș Hotel, Prahova Hotel, Capitol Complex) as well as due to the cancellation of the depreciation following the revaluation at 31.12.2019 and an increase by **8,464,791.57 lei** due to the differences in revaluation resulting from the revaluation at 31.12.2019, due to the derecognition of the Tosca Complex from assets held for sale as well as on account of investments received in 2019.

**"Technical installations, means of transport, animals and plantations "** registers on the date of 31.12.2019 a balance owed by **17.042.277,48 lei**.

The balance of this account has a reduction compared to the balance of the account at 31.12.2018 with the amount of 99,604.23 lei due to the cash transfers and an increase by 661,258,473 lei due to the purchases made during the year 2019.

**"Furniture, office equipment, equipment for the protection of human and material values and other assets"** registers on 31.12.2019 a debtor balance of **17,048,648.89 lei**.

The balance of this account has a reduction compared to the balance of the account at 31.12.2018 with **76,457.78 lei** due to the cancellations and an increase by **79,970.00 lei** due to the acquisitions made during the year 2019.

## **-Debt receivables**



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

records a balance of 462,004 lei on 31.12.2019, lower by 67.38% compared to the balance as of 31.12.2018, a reduction due to the cancellation of the deferred tax debt amounting to 951,078 lei, a debt recognized in previous years as a result of diminishing the value of assets tangible fixed assets of the nature of the buildings as a consequence of the errors submitted by the independent external evaluator stating that the fair value for all the buildings included the value of the installations, respectively the value of all the upgrades carried out up to that date. As a result of the reassessments made on 31.12.2015, respectively 31.12.2019, since there are no temporary deductible differences that justify the recognition of this claim on the deferred income tax in accordance with IAS12, this debt was extinguished.

On the date of 31.12.2019, the current assets, which represent 24.04% of the total assets of the company, a total decrease of 4.22% compared to the level achieved in the previous year, while in the structure, both increases and discounts, as follows:

-**The cash availabilities** increased by 14.69%, from **27,411,276 lei** to 31.12.2018, to **31,437,052 lei** to 31.12.2019;

-The assets indicator classified as held for sale registered a reduction compared to 31.12.2018 with 22.05% due to the assets sold (Claudia Complex - building and land, Rapsodia Garden - building and land) and the derecognition of the Tosca Complex in tangible fixed assets;

-The Expenditure indicator registered a reduction with **94.77%** compared to 31.12.2018 due to the recognition of the remaining value of the materials of the nature of the inventory items entered during the period 01.07.2016 - 31.12.2019 and in balance at 31.12.2019 in full on expenses according to IAS 8 (paragraphs 24-25);

-The Stocks indicator registered an increase of 466.13% on 31.12.2019 as of 31.12.2018, an increase due to the materials made available to third parties for the investments being made at Aida Hotel, Raluca Hotel, Diana Hotel, and which have not yet been justified by quotations.

The receivables of the company, an indicator that is part of the current assets, registered at 31.12.2019 an increase of 33.33% compared to the receivables registered as at 31.12.2018, on the other hand, the trade receivables registered a decrease with 33.39% against the commercial receivables registered at 31.12.2018.

In the table below the claims are presented as of 31.12.2019 as compared to 31.12.2018:



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

Crt. No.	Claims	Net claims on the date of 31.12.2019	Impairment adjustments on the date of 31.12.2019	Claims on the date of 31.12.2019	Net claims on the date of 31.12.2018	Net debt variation 31.12.19/ 31.12.18 (%)
1	Total commercial claims whereby:	524.646	1.887.111	2.411.758	787.604	66,61%
	<i>Transylvania Hotels &amp; Travel SA</i>	0	443.593	443.593	3.664	0,00%
2	Receivables from the state budget	2.633.413	0	2.633.413	1.593.574	165,25%
3	Debtors active sales	0	0	0	0	0,00%
4	Different debtors	114.975	0	114.975	27.113	424,06%
5	Other claims	138.537	0	138.537	150.526	92,04%
	<b>TOTAL</b>	<b>3.411.571</b>	<b>1.887.111</b>	<b>5.298.683</b>	<b>2.558.816</b>	<b>133,33%</b>

### In 2019, the liabilities positions had the following evolution:

LIABILITY	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Value on the date of 31.12.2017 (lei)	Variation 2019/2018 (%)	Weight 2019 in total liabilities (%)
Subscribed and paid capital	57.894.994	57.894.994	57.894.994	100,00%	21,11%
Share capital adjustment following IAS 29 application	85.945.333	85.945.333	85.945.333	100,00%	31,34%
Share premiums	1.895.855	1.895.855	1.895.855	100,00%	0,69%
Reserves	28.942.320	24.201.711	22.894.846	119,59%	10,56%
Inflated reserves following first-time application of IAS 29	16.745.901	16.745.901	16.745.901	100,00%	6,11%
Differences from the reassessment	105.671.498	105.189.642	107.511.069	100,46%	38,54%
Own shares and Losses related to the sale / cancellation of equity instruments	(13.975)	0	0	0	0
The result carried forward with the exception of the carried forward result from the first adoption of IAS 29	57.814.255	54.909.087	52.587.660	105,29%	21,08%
The result carried forward from the first adoption of IAS 29	(102.691.275)	(102.691.275)	(102.691.275)	100,00%	(37,45%)
Other equity elements	(13.136.990)	(13.056.538)	(12.690.844)	100,62%	(4,79%)
Exercise result	5.592.062	9.823.215	1.691.836	56,93%	2,04%
<b>TOTAL OWN CAPITALS</b>	<b>244.659.979</b>	<b>240.857.925</b>	<b>231.785.375</b>	<b>101,58%</b>	<b>89,23%</b>
<b>TOTAL DEBTS whereby:</b>	<b>29.540.287</b>	<b>23.179.970</b>	<b>20.584.754</b>	<b>127,44%</b>	<b>10,77%</b>
Medium and long-term debts	14.174.980	13.990.340	15.209.362	101,32%	5,17%
Short-terms debts	15.365.308	9.189.631	5.375.392	167,20%	5,60%
<b>TOTAL LIABILITY</b>	<b>274.200.266</b>	<b>264.037.895</b>	<b>252.370.130</b>	<b>103,85%</b>	<b>100,00%</b>

Within the liabilities elements, the largest share is held by the equity (89.23%), the share capital representing 21.11% of the total liabilities of the company.



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

The equity on the date of **31.12.2019**, increased by 1.58% compared to the equities at **31.12.2018**, due to the increases / reductions on each liability item:

- **Reserves**, composed of legal reserves and other reserves, in a total amount of **28,965,864 lei**, with an increase compared to 2018 (24,201,711 lei) with 19.59%, an increase due to the allocation of 4,348,567 on other reserves lei from the net profit of the year 2018 and the distribution on legal reserves of the amount of **392,042 lei** from the net profit of the year 2019;
- **Differences** from the reassessment of the assets of the company in the amount of **105.671.498 lei**, which compared to the balance registered on 31.12.2018, knows a reduction with the amount of **2.905.168.54 lei** on account of the revaluation reserves related to the assets sold and an increase by **3.387. 024.38 lei** on account of the differences from the re-evaluation results due to the re-evaluation of the constructions and the lands on 31.12.2019;
- **The result carried over** in the amount of **57,814,255.40 lei** balance representing the surplus realized from revaluation reserves related to the sold assets and the disposals. Compared to the balance of the financial year 2018, there is an increase with **2,905,168.54 lei** representing the surplus realized from reserves from reassessment related to the assets sold and disposed of in the financial year 2019.
- The net result of the exercise amounting to **5,559,062 lei** knew a decrease compared to the one of 2018 with 43.07%, decrease due mainly to the reduction of revenues from sales of assets.

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

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

Crt. No.	Account name	Debts on the date of 31.12.2019	lei				
			Under 30 days	30-90 days	91-180 days	181-270 days	270-365 days
1	COMMERCIAL DEBTS AND OTHER DEBTS	14.955.578	12.359.760	584.675	940.517	20.147	1.050.479





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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

1.1.	<b>Advances received on account of orders</b>	5.793.406	3.506.807	502.579	743.561	0	1.040.459
	Advances encashed for active sales	4.981.038	3.438.000	502.579	0	0	1.040.459
1.2.	<b>COMMERCIAL DEBTS</b>	2.494.766	2.340.522	72.164	82.080	0	0
	Providers	1.967.227	1.840.988	44.159	82.080	0	0
	Providers of fixed assets	527.539	499.534	28.005	0	0	0
1.3.	<b>DEBTS WITH THE STATE AND LOCAL BUDGET</b>	626.991	626.991	0	0	0	0
	Social insurance + Insurance contribution for work	264.073	264.073	0	0	0	0
	Specific tax for the second semester of 2019	240.084	240.084	0	0	0	0
	Payroll tax	51.165	51.165	0	0	0	0
	Dividends tax	51.631	51.631	0	0	0	0
	Other debts with the budget	20.038	20.038	0	0	0	0
1.4.	<b>DEBTS WITH THE PERSONNEL</b>	530.899	530.899	0	0	0	0
	Collaborators - allowances due	37.290	37.290	0	0	0	0
	Personnel – wages owed	157.045	157.045	0	0	0	0
	Other debts with the personnel	25.936	25.936	0	0	0	0
	Managers warranties	310.628	310.628	0	0	0	0
1.5.	<b>OTHER DEBTS</b>	5.509.516	5.354.541	9.932	114.876	20.147	10.020
	<b>Other loans and similar debts</b>	697.969	590.745	9.932	67.125	20.147	10.020
	<i>Providers' term warranties</i>	234.954	127.730	9.932	67.125	20.147	10.020
	<i>Warranties encashed from the tenants</i>	463.015	463.015	0	0	0	0
	<b>Shareholder dividends</b>	567.392	567.392	0	0	0	0
	<i>Related dividends 2018</i>	234.361	234.361	0	0	0	0
	<i>Previous year dividends</i>	333.031	333.031	0	0	0	0
	<i>Active auction warranties</i>	1.140.600	1.140.600	0	0	0	0
	<i>Creditors tourist services</i>	239.631	191.880	0	47.751	0	0
	<i>Different creditors</i>	1.721	1.721	0	0	0	0
	<b>Amounts being clarified (Mangalia City Hall)</b>	1.332.026	1.332.026	0	0	0	0
	<b>Amounts in the process of clarification (ALCON-Building works Diana H)</b>	1.530.177	1.530.177	0	0	0	0
2	<b>SHORT-TERM SUPPLIES (for unused annual leaves and personal benefits in relation to pensions)</b>	409.730	409.730	0	0	0	0

Short-term debts on the date of 31.12.2019, including provisions, increased over the same period last year by 67.20%, an increase due to:

- Advances for sales of assets (Ancora Hotel Land, Danube Restaurant Building and Land, Gloria Hotel Building, Meduza Camping Sanitary Building, land related to Buffet Luna Park) encashed in 2019, in addition to the balance on the date of 31.12.2018 with 3,906,255 lei;



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei

Two tier corporate model



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

- Advances received from the asset leasing, starting in 2020 (Capitol Complex, Prahova Hotel, Mureș Hotel, Siret Complex), amounting to 743,561 lei;
- The guarantee received for attending in the auction for the purchase of the Athens Complex (1,140,600 lei);
- The amounts in the course of the settlement representing the building works performed at Hotel Diana;
- Supplementing provisions for unused vacation leave and retirement benefits for employees amounting to 162,696 lei

The long-term debts on the date of 31.12.2019, including provisions, totaling 14,174,980 lei, are slightly increasing, by 1.32% compared to those recorded at 31.12.2018 (13,990,340 lei). These consist of term guarantees (suppliers) in the amount of 161,559 lei, of the deferred income tax in the amount of 13,371,749 lei, of non-due debt to be recognized as payable debt, as the depreciation or exit of the fixed assets from the assets, and from long-term provisions in the amount of 641,671 lei.

## THE FINANCIAL EXERCISE RESULT 2019

For 2019, the Revenue and Expenditure Budget was approved at the meeting of A.G.O.A. no.18 / 19.12.2018, with premises for taking over the activity of the company Balneoterapia Saturn SRL. Considering that in 2019 the two companies, THR Marea Neagră SA and Balneoterapia Saturn SRL, functioned as two separate companies, the revenues and expenses realized in 2019 are presented in relation to the provisions of the Income and Expenses Budget related to THR Marea Neagră SA.

We mention that during November 2019 THR Marea Neagră SA took over the medical personnel from Balneoterapia Saturn SRL and started authorizing its own spa treatment activity, which meant additional expenses, which affected the budget execution of the company. However, as we will show below, the gross profit exceeded the level of the budgeted gross profit.

The revenues and expenses performed in 2019, in relation to the provisions of the BVC 2019 and compared to the achievements of 2018, are presented as follows:

Indicators	BVC 2019 (lei)	Accomplish ed 2019 (lei)	Accomplish ed 2018 (lei)	Accomplis hed 2017 (lei)	Index 2019/ 2018 (%)	Index 2019/ BVC 2019 (%)
<b>Total operating income whereby:</b>	<b>54.604.500</b>	<b>59.190.586</b>	<b>63.346.096</b>	<b>38.666.833</b>	<b>93,44%</b>	<b>108,40%</b>
<b>Accommodation activity</b>	<b>33.440.000</b>	<b>30.471.444</b>	<b>29.393.891</b>	<b>21.016.132</b>	<b>103,67%</b>	<b>91,12%</b>



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

Public catering activity	14.210.000	14.399.840	13.932.309	10.128.015	103,36%	101,34%
Rental activity	1.183.600	1.616.195	1.413.225	876.151	114,36%	136,55%
Other revenues included in the turnover (spa treatment, parking, swimming pool ..)	(377.100)	2.176.117	1.676.723	2.399.878	129,78%	
Active sales activity	4.700.000	7.514.816	14.673.559	1.382.160	51,21%	159,89%
Other incomes (fixed production, adjustments, cancellation of provisions, fines, penalties, etc.)	1.448.000	3.012.174	2.256.389	2.864.497	133,50%	208,02%
<b>Total Operating expenses whereby:</b>	<b>49.673.900</b>	<b>52.156.641</b>	<b>50.122.315</b>	<b>36.801.568</b>	<b>104,06%</b>	<b>105,00%</b>
Expenses regarding stocks	7.966.200	8.836.367	7.501.716	6.139.255	117,79%	110,92%
Expenses regarding utilities	3.400.000	3.074.883	2.752.571	2.260.544	111,71%	90,44%
Expenses with employee benefits	21.867.750	16.000.193	12.463.395	11.084.218	128,38%	73,17%
Expenses related to depreciation and depreciation of fixed assets	6.606.000	9.118.537	6.714.282	6.820.711	135,81%	138,03%
Expenses with assigned assets and assets held for sale	782.000	2.318.435	7.309.729	766.095	31,72%	296,48%
Expenses with other taxes and fees	4.789.450	4.206.628	4.362.672	3.252.799	96,42%	87,83%
Expenses with external benefits	4.212.500	8.194.795	7.232.427	5.119.548	113,31%	194,54%
Other expenses	50.000	406.802	1.785.521	1.358.398	22,78%	813,60%
<b>Operating result</b>	<b>4.930.600</b>	<b>7.033.946</b>	<b>13.223.780</b>	<b>1.865.265</b>	<b>53,19%</b>	<b>142,66%</b>
Financial incomes	220.000	819.801	585.376	460.791	140,05%	372,64%
Financial expenses	100.000	12.897	2.506.100	113.124	0,51%	12,90%
<b>Financial result</b>	<b>120.000</b>	<b>806.904</b>	<b>(1.920.723)</b>	<b>347.667</b>	<b>-</b>	<b>672,42%</b>
<b>TOTAL INCOMES</b>	<b>54.824.500</b>	<b>60.010.387</b>	<b>63.931.471</b>	<b>39.127.624</b>	<b>93,87%</b>	<b>109,46%</b>
<b>TOTAL EXPENSES</b>	<b>49.773.900</b>	<b>52.169.537</b>	<b>52.628.415</b>	<b>36.914.692</b>	<b>99,13%</b>	<b>104,81%</b>
<b>GROSS RESULT</b>	<b>5.050.600</b>	<b>7.840.850</b>	<b>11.303.056</b>	<b>2.212.932</b>	<b>69,37%</b>	<b>155,25%</b>
Current tax expenses	-	898.096	930.777	0	96,49%	-
Expenses with the specific tax	-	462.548	439.630	293.512	105,21%	-
Deferred tax expenses	-	951.078	109.434	227.584	869,09%	-
Income related to deferred income tax	-	62.935	0	0	-	-
<b>NETResult</b>	<b>5.050.600</b>	<b>5.592.062</b>	<b>9.823.215</b>	<b>1.691.836</b>	<b>56,93%</b>	<b>110,72%</b>

The revenues and expenses realized in 2019, on the two major categories of activities, in relation to the provisions of BVC 2019 and compared to the achievements of 2018, are presented as follows:

lei

Indicators	BVC 2019	Accomplish ed 2019	Accomplish ed 2018	Accomplis hed 2017	Index accomplished 2019 / Realizat 2018	Index accomplished 2019/ BVC 2019
Basic activity						
Operational activity						
<i>Incomes (including incomes for</i>	49.904.500	51.675.770	48.672.536	37.284.673	106,17%	103,55%



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

<i>cancellation of provisions)</i>						
<i>Expenses</i>	48.891.900	49.838.206	42.812.586	36.035.473	116,41%	101,94%
<b>Gross profit from operational activity</b>	<b>1.012.600</b>	<b>1.837.564</b>	<b>5.859.950</b>	<b>1.249.200</b>	<b>31,36%</b>	<b>181,47%</b>
<b>Financial activity</b>						
<i>Incomes</i>	220.000	819.801	585.376	460.791	140,05%	372,64%
<i>Expenses</i>	100.000	12.897	2.506.100	113.124	0,51%	12,90%
<b>Financial gross profit</b>	<b>120.000</b>	<b>806.904</b>	<b>(1.920.724)</b>	<b>347.667</b>		<b>672,42%</b>
<b>Total incomes from basic activity</b>	<b>50.124.500</b>	<b>52.495.571</b>	<b>49.257.912</b>	<b>37.745.464</b>	<b>106,57%</b>	<b>104,73%</b>
<b>Total expenses from the basic activity</b>	<b>48.991.900</b>	<b>49.851.103</b>	<b>45.318.686</b>	<b>36.148.597</b>	<b>110,00%</b>	<b>101,75%</b>
<b>Gross result from the basic activity</b>	<b>1.132.600</b>	<b>2.644.468</b>	<b>3.939.226</b>	<b>1.596.867</b>	<b>67,13%</b>	<b>233,49%</b>
<b>Active sales activity</b>						
<i>Incomes</i>	4.700.000	7.514.816	14.673.559	1.382.160	0,00%	159,89%
<i>Expenses</i>	782.000	2.318.434	7.309.729	766.095	31,72%	296,47%
<b>Gross profit from asset sales</b>	<b>3.918.000</b>	<b>5.196.382</b>	<b>7.363.830</b>	<b>616.065</b>	<b>70,57%</b>	<b>132,63%</b>
<i>Operating incomes</i>	54.604.500	59.190.586	63.346.096	38.666.833	93,44%	108,40%
<i>Operating expenses</i>	49.673.900	52.156.641	50.122.315	36.801.568	104,06%	105,00%
<b>Gross profit from exploitation</b>	<b>4.930.600</b>	<b>7.033.946</b>	<b>13.223.781</b>	<b>1.865.265</b>	<b>53,19%</b>	<b>142,66%</b>
<b>TOTAL Incomes</b>	<b>54.824.500</b>	<b>60.010.387</b>	<b>63.931.471</b>	<b>39.127.624</b>	<b>93,87%</b>	<b>109,46%</b>
<b>TOTAL Expenses</b>	<b>49.773.900</b>	<b>52.169.537</b>	<b>52.628.415</b>	<b>36.914.692</b>	<b>99,13%</b>	<b>104,81%</b>
<b>TOTAL GROSS PROFIT</b>	<b>5.050.600</b>	<b>7.840.850</b>	<b>11.303.056</b>	<b>2.212.932</b>	<b>69,37%</b>	<b>155,25%</b>
<i>Income tax expenses</i>		898.096	930.777	0	96,49%	
<i>Specific tax expenses</i>		462.548	439.630	293.512	105,21%	
<i>Deferred profit tax expense</i>		951.078	109.434	227.584	869,09%	
<i>Incomes related to deferred income tax</i>		62.935	0	0		
<b>NET RESULT</b>	<b>5.050.600</b>	<b>5.592.062</b>	<b>9.823.215</b>	<b>1.691.836</b>	<b>56,93%</b>	<b>110,72%</b>

The total incomes registered in 2019, amounting to 60,010,387 lei (including the provisions for cancellation of the provision in the amount of 111,928 lei, less the income related to the deferred profit tax of 62,935 lei), register an increase of 9.46% compared to the budgeted level (54,824,500 lei) and a decrease of 6.13% compared to the volume recorded in the previous year 2018 (63,931,471 lei).

From the analysis of the total incomes the following are noted

- 8.88% decrease in accommodation income compared to the budgetary provisions for 2019, which is due, on the one hand, to the reduction of the number of places auctioned by



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

CNPP by resorts, and on the other, to the non-fulfillment of the contractual obligations by some tour operators;

- the rental activity registered an increase with 36.55% compared to the budgetary provisions, as a result of the renting of the treatment bases to SC Balneoterapia Saturn SRL, incomes that were not budgeted in 2019 considering that the spa activity was to be taken over by THR Marea Neagră SA;

- also, there is an increase of the revenues from the sale of assets by 59.89% compared to the budgetary provisions following the conclusion of the sale - purchase contracts for the assets: Claudia Complex of Venus Station, CFR Travel Agency of Venus Station, Rapsodia Garden of Eforie Nord, Ancora Hotel of Eforie Sud and land with a surface of 525 sqm of Dunărea Sat Vacanță of Saturn.

- in the chapter Other revenues, there was an increase of 108.02% compared to the budgetary provision in this chapter. This increase is given by the achievement of some exceptional income, incomes that cannot be predicted (income from real estate investments, income from compensation, income from the comparison tax, etc.).

- financial revenues increase by 272.64% compared to the budgetary provision and come from the recovery recorded as a result of the full payment of local taxes and taxes in the first quarter of 2019 and from the bank interest received as a result of bank deposits.

The total expenses recorded in the financial year 2019, in an amount of 52,169,537 lei (less the expenses with the profit tax, deferred and specific), also register an increase of 4.81% compared to the level foreseen in the BVC for the period (49,773. 900 lei) and a 0.87% decrease compared to the expenses of 2018 (52,628,415 lei).

Significant increases can be seen in the following items of expenditure:

- expenses on the assigned assets and assets held for sale recorded an increase of 196.48%. These expenses are related to the sale of assets and represent the value of the land and the unamortized value of the assets at the date of sale;

- the expenses with external benefits register an increase by 94.54% compared to the budgetary provision, as a result of the expenses incurred with the demolitions related to the investment works that were executed during this period and of the expenses with the treatment rendered by Balneoterapia Saturn SRL considering that this expenditure was not provided for in the budget, but has a correspondent in the incomes chapter;

- In the chapter Other expenses, there is an exceedance of 713.60% compared to the budgetary provision, as a result of the recording of operating expenses on provisions, operating expenses on adjustments for impairment of current assets, land use, expenses that have not been budgeted.



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

Based on activities, in relation to the share of the revenues realized in the total revenues, two major categories can be identified: namely, the basic activity of the company (strictly operational), generating income in the percentage of 86.11% of the total revenues and the activity of active sales, according to the strategy approved by the General Meeting of Shareholders for restructuring the company, with revenues in the percentage of 12.52% of the total.

*The total gross profit realized in the amount of 7,840,850 lei presents, by activities, the following structure:*

- Operational activity	<b>1.837.564 lei</b>	23,44 %
- Financial activity	<b>806.904 lei</b>	10,29 %
- Active sales activity	<b>5.196.382 lei</b>	66,27 %.

On the date of 31<sup>st</sup> of December 2019, the Company recorded a gross profit from the basic activity of 2,644,468 lei, which means an increase of 133.49% over the budgetary provisions (1,132,600 lei) and a decrease of 32.87% compared to the achieved one for the year 2018 (3,939,227 lei), having the following indicators in structure:

- The gross profit from the operational activity of **1,837,564 lei** - it registers an increase with **81.47%** over the budgetary provisions (**1,012,6600 lei**) and a decrease with **68,64%** compared to the one realized on **31.12.2018 (5,859,951 lei)**

It is worth mentioning that in 2019 the gross profit from the operational activity was strongly affected by the increase of fixed or variable expenses for which the company does not have control levers, being generated by normative acts, decisions of the local councils or the evolution of prices on the markets. specific. We refer here to:

- increase of minimum wage on economy from 1,900 lei to 2,080 lei;
- the need to adopt a motivating wage policy for seasonal personnel, due to the difficulties in the labor market;
- the effects of applying the new accounting policy regarding the wear of inventory objects;
- the evolution of the electricity market, etc.

- The gross profit from the financial activity of 806.904 lei - it registers an increase by 672.42% compared to the budgetary provisions (120.000 lei) and an increase in absolute value by 2.727.628 lei compared to the one realized on 31.12.2018 (- 1.920.724 lei ).

Regarding the gross profit from the sale of assets, we recorded a value of **5,196,382 lei**, which represents an increase of 32.63% compared to the budgetary commitments (**3,918,000 lei**) and a decrease of 29.43% compared to the year's achievement 2018



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

**(7,363,830 lei)**. This decrease is explained by the fact that the activity of sales of assets is an activity complementary to the main object of activity and with an indefinite degree of control on the part of the company.

Therefore, compared to the aforementioned ones, the decrease in 2019 of the gross profit from the operational activity and the gross profit from the sale of assets, compared to the gross profit realized in 2018 (11,303,056 lei) led to a decrease of the gross profit registered for the year 2019 (7,840,850 lei) with 30.63%. Compared to the budgetary provision for 2019 (5,050,600 lei), the gross profit achieved on 31<sup>st</sup> of December 2019 (7,840,850 lei) registered an increase of 55.25%.

The management of the company took measures, in 2019, to strictly monitor the expenses and to resize them. Mainly, they consisted of:

- managing the arrival of tourists to certain hotels and restaurants in order to ensure an occupancy degree that will allow them to be operated efficiently and for others to ensure minimum operating conditions;
- reducing utility consumption and optimizing them by establishing crisis consumption rules;
- the direct supply of the units, aiming at reducing the costs of transport, storage and distribution;
- rhythmic supply, based on well-grounded necessities, ensuring minimum stocks;
- hiring personnel proportionate to the evolution of incomes;
- return of goods to suppliers when the units are closed;
- restriction on general and administrative expenses;
- very careful monitoring of the cash flows correlating the receipts with the payments, reducing the balance of the loan account and the related interests;
- strictly monitoring the maturities in state and local budgets, partners, in order to avoid delays that may lead to the payment of possible penalties and / or fines;
- receivables due, compliance with the recovery procedure.

***Concluding, at the end of the year 2019, T.H.R. Marea Neagră S.A. registered a gross profit of 7,840,850 lei, and a net profit, determined after deducting the tax on current, deferred and specific tax calculated, according to the legal regulations, in an amount of 5,592,062 lei.***

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

During the year, the company financed its activity by using its own sources and by committing a credit line with BCR in the amount of **7,500,000 lei**, a line that on 31.12.2019 is unused.



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

---

Regarding the payment obligations, the company does not register outstanding obligations on 31.12.2019 in relation to the state budget, banking institutions and other authorities.

## **4. Commercial company assets**

### **4.1. The main accommodation and public catering capacities of the company, which are in the tourist circuit in 2019, consist of:**

#### **Accommodation units:**

- 2 hotels with 4\*, with a total capacity of 992 accommodation places
- 8 hotels with 3\*, with a total capacity of 3.434 accommodation places
- 6 hotels of 2\*, with a total capacity of 1.546 accommodation places

#### **Public catering establishments:**

- 2 restaurants with 4\*, with a total capacity of 992 places
- 5 restaurants with 3\*, with a total capacity of 2.300 places
- 5 restaurants with 2\*, with a total capacity of 1.418 places
- 2 day bars with 4\* with a total capacity of 120 places
- 8 day bars with 3\* with a total capacity of 370 places
- day bar with 2\* with a total capacity of 60 places
- 2 buffets with 1\* with a total capacity of 120 places

#### **Leisure units:**

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

#### **Spa treatment units:**

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

In total, the company had 5,972 accommodation places and 4,710 places for public food in 2019.

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

SA





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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

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

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

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

These assets generate both fixed and variable expenses necessary for conservation, the fixed expenses of the nature of taxes and fees being amended by Law no. 227 / 2015 on the Fiscal Code with applicability starting with **01.01.2017**.

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

In 2019, some of the non-functional assets, namely CFR Travel Agency of Venus and the Ancora Hotel of Eforie Sud, were successfully removed.

## **5. Assessment of investment and development activity**

The company is in constant search for solutions to reduce costs, but also to attract new customers. The company has implemented alternative solutions for the production of thermal energy for domestic hot water preparation with solar energy, the solution being expanding.

At the same time, given the fact that the local government has completed the gas supply of the stations, the company has started the process of connecting the thermal power plants to the gas network, some of the power stations in Eforie Nord (CT Venus and CT Bran-Brad-Bega) being already connected, with positive impact on the environment as well as the efficient use of financial resources.

In 2019, the company made significant investments amounting to **14,182,256 lei** (including VAT), presented in the following table:

Crt. No..	Unit	The investment objective	Total value, whereby:
1	Diana Hotel	Rehabilitation and modernization works, raising the comfort	7.017.270



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

		level from 2* to 3*	
2	Cerma Hotel	Rehabilitation and modernization of balconies and facades	841.472
3	Aida Hotel	Rehabilitation works, equipments	1.511.416
4	Hora Hotel	Aestheticizing works	311.818
5	Venus Hotel	Building works 67 baths, rehabilitation of waterproofing, refueling with electricity	590.477
6	Sirena Hotel	Aestheticizing works	210.680
7	Raluca Hotel	Rehabilitation works, room arrangement for people with disabilities	132.879
8	CT BBB, CT Sirena, CT Venus, CT Diana	Connection to the gas distribution system, execution of thermal power plants, installation of methane gas use, projects of installation of hot water boilers	106.326
9	Cold baths mud Ef. Sud	Geotechnical study on the nature of the foundation land for the D + P + 5E building, architecture design at the feasibility studio phase – 4 - star hotel equipped with spa and SPA functions	91.518
10	Balada Hotel	doors to bathrooms and rooms	72.756
11	Pools	Rehabilitation and modernization	177.669
12	THR Units	Various other rehabilitation works	273.801
13	THR Units	Various endowments of the nature of fixed assets	488.612
14	Company	ERP Clarvision economic management system	91.168
		<b>TOTAL INVESTMENTS (lei without VAT)</b>	<b>11.917.862</b>
		VAT	2.264.394
		<b>TOTAL INVESTMENTS (lei inclusively VAT)</b>	<b>14.182.256</b>

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

Explanations	BVC 2019	Accomplished on the date of 31.12.2019
Unused financial sources from the previous year	19.566.875	19.566.875
Liquidation	7.131.000	7.968.431
Cash flow from asset sales	4.700.000	12.978.125
Financing fund 2018	7.265.450	7.265.450
<b>Total own funding sources</b>	<b>38.663.325</b>	<b>47.778.881</b>
Restitution of good execution warranties	(300.000)	(158.843)
<b>Total funding sources</b>	<b>38.363.325</b>	<b>47.620.038</b>

The investment financing action was fully supported by own sources.

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



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

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

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

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

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

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

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

In the last trading day of the year 2019, respectively 31.12.2019, at the closing of the Stock Exchange, the shares of THR Marea Neagră SA were quoted at a maximum value of 0.1160 lei / share, compared with 0.0924 lei / share at 30.12. 2018.

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

**For the year 2016**, the General Meeting of Shareholders has decided to distribute the profit for the establishment of legal reserves, their own financing sources and dividends amounting to **3,936,860 lei**.

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

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

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

**In AGEA of THR Marea Neagră SA from 22.10.2019, it was decided to redeem its own shares by the company, in accordance with the applicable legal depositions, under the following conditions:**



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

- size of the program - **maximum 5,789,499** shares with a nominal value of 0.10 lei / share, representing **1.00%** of the share capital;
- the acquisition price of the shares: the minimum price shall be equal to the market price of the shares of the Bucharest Stock Exchange from the moment of the purchase, and the maximum price shall be 0,15 lei / share;
- the duration of the program: **the maximum period of 9 months** from the date of publication of the decision A.G.E.A in the Official Gazette of Romania, part IV;
- the payment of the repurchased shares - from the available reserves (except legal reserves) entered in the last approved annual financial statements;
- the purpose of the program - the distribution of the repurchased shares, free of charge, to the members of the Supervisory Board, to the members of the Board of Directors and to the employees of the company, in order to make their activity more efficient and loyal, within a "Stock Option Plan" program.

Through the current Report transmitted to BVB and ASF on 13.12.2019, THR Marea Neagră informed the shareholders about the start of the share repurchase program, according to the AGEA Decision no. 1 / 22.10.2019, with the following characteristics:

- Period: 16.12.2019 – 13.08.2020;
- Shares number: maximum 5.789.499 shares;
- Daily volume: maximum 25% of the average daily volume of shares traded on the BSE, calculated on the basis of the average daily volume of the 20 trading days preceding the date on which the acquisition takes place, according to art.3 paragraph (3) letter b) of the EU Delegated Regulation 2016/1052;
- Price: the minimum purchase price will be the market price from BVB from the moment of the purchase, the maximum price - 0,15 lei / share, according to AGEA decision no. 1 / 10.22.2019;
- Purpose of the program: to distribute shares for free to the members of the Supervisory Board, to the members of the Board of Directors and to the employees of the company, in order to make their activity more efficient and loyal, within a “stock option plan” program;
- Intermediary: ESTINVEST S.A.

**The total number of own shares repurchased in 2019 was 106,335, representing 1.8367% of the maximum allowed, at a total redemption value of 13,895.64 lei and at an average price / share of 0.1307 lei.**



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

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

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

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

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

**The company hasn't issued any bonds during 2019.**

## **8. T.H.R. MAREA NEAGRĂ S.A. MANAGEMENT**

### **8.1. The Supervisory Board**

In the year 2019, the Company's Executive Board was controlled by a Supervisory Board consisting of 3 members:

- Mielu Dobrin – President
- Dragoș Călin - member
- Dănuț Florin Buzatu - member

The Supervisory Board met regularly in meetings, according to the provisions of Law 31/1990 republished and in accordance with the provisions of the Articles of Incorporation.

*a) any agreement, understanding or family connection between the respective manager and another person due to whom the person was appointed manager*

It's not necessary.

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

Mr. Mielu Dobrin, Chairman of the Supervisory Board, owns 406,759 shares issued by the company.



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei

Two tier corporate model



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

---

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

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

- S.I.F. Transilvania S.A., a company that holds 77.71% of the shares issued by T.H.R. Marea Neagră S.A. ;
- Balneotherapy Saturn S.R.L., a company whereby T.H.R. Marea Neagră S.A. owns 100% of the issued shares;
- Transilvania Hotels & Travel S.A., a company whereby T.H.R. Marea Neagră S.A. owns 32,059% of its social capital.

## **8.2. The executive management of the commercial company**

The executive management of the company is represented by a Board of Directors, consisting of 3 members.

The composition of the Directorate throughout 2019 and at 31.12.2019 was:

- Moșoiu Georgiana Narcisa – President of the Board of Directors/General Manager
- Stănescu Constantin – Vice-President of the Board of Directors/Technical Director
- Cristian Mircea Gheorghe – Member of the Board of Directors/Economic Manager

*a) any agreement, understanding or family connection between the members of the Board of Directors and another person through whom they have been appointed to this position;*

It's not necessary.

*b) attendance of the members of the board of directors to the commercial company's capital*  
Mrs. Narcisa Georgiana Moșoiu owns 1,500 shares issued by the company.

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



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei

Two tier corporate model



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

The Supervisory Board and the Board of Directors followed the execution of the monthly, quarterly and half-yearly revenue and expenses budget and the approved investment and repair program.

The forecasting and organizing effort of the Supervisory Board and the Board of Directors has resulted in future development programs of the company, computerization programs, programs for the promotion and recruitment of personnel and increasing the quality of the tourism product, systems of procedures for the main activities of the company and reconsideration. its organizational structure.

**8.3. For all persons presented in 8.1. and 8.2., specifying any disputes or administrative procedures in which, during the last 5 years, they were involved regarding their activity within the issuer, as well as those regarding the capacity of the respective person to perform their duties within the issuer.**

It's not necessary.

## **9. THE ASSESSMENT OF T.H.R. MAREA NEAGRĂ S.A. ACTIVITY CONCERNING THE RISK MANAGEMENT**

**9.1.** The Company's Board of Directors has ensured and ensures a prudent management of the liquidity risk, constantly pursuing the assurance of sufficient cash, so as to cope in time with the payments due.

The specificity of the activity carried out, determines the exposure of the company to a variety of risks of a general nature but also risks specific to the activity and the financial market on which it operates. Risk is defined as the possibility of recording unfavorable deviations in results from an expected level, due to random fluctuations. Significant risks represent the risks with a significant impact on the patrimonial and / or reputational situation of the company.

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

In the activity carried out, 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. However, as a rule, the



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei

Two tier corporate model



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

company faces controllable risks, for which active management policies and procedures (analysis, monitoring and control) are adopted. These risks are associated with internal factors such as the nature of the activity, the complexity of the organizational structure, the quality of the staff, etc.

The main risks to which the company is exposed are:

- the liquidity risk

Liquidity is the ability of the company to provide the necessary funds to fulfill all its direct and indirect payment obligations, at a reasonable price at any time. The liquidity risk is the actual or potential risk to which the company's profits and capital could be subject due to its inability to meet its payment obligations at maturity.

The company has always aimed to ensure a balance between its financing sources and its short-term needs, so that it has always had liquidity to meet its financial obligations. The company prepares monthly cash flow forecasts for periods ranging from 6 months to one year, so that it can detect in time a possible lack of liquidity and can take measures accordingly.

- operational risk

Operational risk is defined as the risk of recording losses or not realizing the estimated profits due to internal factors such as the inadequate performance of internal activities, the existence of inadequate personnel or systems or due to external factors such as economic conditions, changes. on the capital market, technological advances. The operational risk is inherent in all the activities of the Company.

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

## **9.2. Perspective elements regarding the activity of T.H.R.Marea Neagră S.A.**





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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

One of the products with great potential for growth in the future is spa tourism. The units of the company are located in resorts with natural treatment factors. The company has identified this opportunity and obtained licenses to exploit these natural resources, extending the capacity of the treatment bases, so that it can cope with the demand for such services. Also, starting with November 2019, the procedure for authorizing the company to provide spa treatment services has begun.

This segment of the spa tourism ensures the diminution of the effects of the seasonality of the tourist activity and helps to attract tourists and from abroad, especially from the European area. European Directive no. 24/2011 rules the rights of patients in cross-border healthcare, ensuring the legal framework to guarantee the rights of European citizens to benefit from medical services in all countries of the European Union.

One of the main concerns of the company is to attract this segment of tourists.

Another development direction is leisure tourism, which is a priority for the company, having at the design stage the redevelopment of the environmental environment, including the development of leisure facilities. A major concern of the company is the expansion of distribution channels. The company is in a continuous search for new customers, and the strengthening of the market relations with the current customers.

## **10. CORPORATE GOVERNANCE**

The Supervisory Board and the Board of Directors met regularly in the meeting, according to the provisions of Law 31/1990 republished and whenever it was needed, its attributions being provided in the Constitutive Act.

During the year 2019, the activity of the Supervisory Board and the Board of Directors were focused on the realization of the company's activity object in accordance with the decisions of the A.G.A., the legal provisions and the provisions of the Constitutive Act.

One of the constant concerns of the members of the Supervisory Board and of the Board members was the increase of sales through the development of the sales compartment, the identification of new customers and the loyalty of the traditional customers.

Also, the policy of promoting tourism products was envisaged by launching special offers and customized offers for specific categories of tourists.

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



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei

Two tier corporate model



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

---

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

The Supervisory Board has set up two committees, with the following composition:

- Audit Commission: Mielu Dobrin and Florin Dănuț Buzatu
- Nomination and Remuneration Commission: Dragoș Călin and Florin Dănuț Buzatu.

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

In the year 2019, within the company there was an internal control system, working procedures were established for the main activities. Internal control is ensured at all levels, within the company being organized an Office of internal financial control and management.

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

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

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

The company registers on the date of 31.12.2019 a registered capital amounting to 57,894,993.90 lei, subscribed and paid up share capital, representing a number of 578,949,939 registered, ordinary, dematerialized and indivisible shares with a nominal value of 0.1 lei / share. The company thus complies with the provisions of Article 10 of Law 31/1990 on commercial companies, regarding the minimum level of share capital for joint stock companies.

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



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei

Two tier corporate model



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

During the year 2019 the subscribed and paid-up share capital has not changed, the structure of the shareholders as of 31.12.2019, taken over from the BVB website is as follows:

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

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

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

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

Concerning the appointment of the Board of Directors members and of the functions within the Board of Directors, this is done by the Supervisory Board.

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

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

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

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



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

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid capital : 57.894.993,9 lei



Two tier corporate model

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

In the year 2019, the company carried out its activity in accordance with the provisions of the Articles of Incorporation, of A.G.A. decisions, of the Income and Expenses Budget, in compliance with the legislation in force regarding the organization and reflection in accounting of the specific activity, as well as the regulations of the capital market.

**At the end of 2019, the Company registered a net profit of 5,592,062.39 lei, on which the Board proposes to be distributed as follows:**

<b>1. At the legal reserve according to art. 183 of the Law 31/1990 of the commercial company, republished</b>	<b>392.042,00 lei</b>
<b>2. Distribution to other reserves</b>	<b>2.015.795,73 lei</b>
<b>3. The distribution of dividends to shareholders (gross dividend/share = 0,0055 lei)</b>	<b>3.184.224,66 lei</b>

Narcisa MOȘOIU

**GENERAL MANAGER/PRESIDENT OF THE BOARD OF DIRECTORS**

Constantin STĂNESCU

**TECHNICAL MANAGER/ VICE-PRESIDENT OF THE BOARD OF DIRECTORS**

Sofia ZĂGĂNEANU

**MANAGER OF THE SPA ACTIVITY/BOARD OF DIRECTORS MEMBER**

The undersigned, **VIG Corina-Luiza**, authorized translator by the Ministry of Justice in Romania with the authorization no. **32809/2011**, hereby certify the authenticity of this translation with the text of the document in **Romanian** language that has been seen by me.

Authorized interpreter – translator,

**VIG CORINA-LUIZA**