



TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid-in share capital : 57.600.848,70 lei

Website: www.thrmareaneagra.ro

The Report

To THR Marea Neagră SA Board of Directors related to the consolidated financial situations drawn up for the year 2020

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

The Group for which were elaborated the present financial situations is formed by the company Turism, Hoteluri, restaurante marea Neagra S.A. and Balneoterapia Saturn SRL („The Group”)

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

-Mother company-

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

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

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

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

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

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

Name of the trade company: ***Balneoterapia Saturn SRL – branch***

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

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

Unique Registration Code at the Trade Register Office: **14271182**

Registration Number Trade Register: **J13/1910/2001**

Subscribed and paid capital: **2.000 lei**

The main characteristics of the securities issued by the trade company: **the shares of the company are not traded on a regulated market, the register of the shareholders being held by the administrators with the help of Shareholders's register**

1. ANALYSE OF THE COMPANY ACTIVITY

1.1. a) Description of the main activity

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



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

The main activity of the company Balneoterapia Saturn SRL, according to the classification is CAEN code 8622 „Activities of specialized medical assistance”

b) Date of the Company's establishment

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

Until the AGEA from the date of 11.08. 2020, the Company's Management system is was a two-tier system. Starting with this date, it is modified the form of administration of the company from two-tier system to unitary system, the Company's management being performed from now on by the Board of Directors.

The Company **Balneoterapia Saturn SRL** is a legal person registered at the Trade Register Office under no. J13/1910/2001, sole registration code 14271182.

c) Description of significant mergers and reorganizations

In the year 2020, no mergers or reorganizations have taken place in none of the companies pertaining to the group.

In the month May 2020, ***THR Marea Neagra SA, as sole asociate at Balneoterapia Saturn SRL, decided the modification of its functioning duration, from undetermined to determined, until 31.07.2020, viewing the disollution of the company, according to art. 227 par. (1) p.a) of the Law no. 31/1990 and the subsequent liquidation, with the consequence of radiation from the Trade Register Constanța.***

d) The description of purchases and/or assets alienations

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

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



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1.1.1.Elements of general assessment of the Group:

- a) Total incomes : **43.565.410 lei** (including incomes from annulation of provisions)
- b) Total costs: **37.290.316 lei** (excluding current, postponed corporate tax, specific tax, for a total amount of **2.159.728 lei**);
- c) Gross profit: **6.275.094 lei**
- d) Turnover: **23.101.045 lei**
- e) Available in the account: **20.710.046 lei.**
- f) Export: it is not the case

The Mother-company carries out its activity through its working points located in the tourist resorts of national interest: Eforie Nord, Eforie Sud, Neptun, Venus and Saturn, being among the main profile companies in the country, its subsidiary Balneoterapia not having activity in the first semester of 2020.

The Mother-company also has hotel units located in the market with well-consolidated positions at national level.

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

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

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

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

1.1.2.Assessment of the trade Company's technical level

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

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



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

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

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

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

b) Income structure by main service categories:

Indicators	Accomplished 31.12.2020 (lei)	Accomplished 31.12.2019 (lei)	Accomplished 31.12.2018 (lei)	Performed index 31.12.2020/ accomplished 31.12.2019	Total revenue weights (%)		Total weights Turnover (%)	
					Performed d 2020	Performed d 2019	Performed 2020	Performed 2019
Total incomes, exclusively the revenues from cancellation of provisions and exclusively the postponed income tax	43.565.410	60.310.966	64.213.156	72,24%				
Turnover, whereby:	23.101.045	49.027.474	46.949.351	47,12%	53,03	81,29	100,00	100,00
- Accommodation	11.861.320	30.471.444	29.393.891	38,93%	27,23	50,52	51,34	62,15
- Public catering	5.973.277	14.399.840	13.932.309	41,48%	13,71	23,88	25,86	29,37
- Rents	3.485.443	1.305.195	1.139.225	267,04%	8,00	2,16	15,09	2,66
Other revenues included in the turnover	1.781.005	2.850.995	2.483.926	62,47%	4,09	4,73	7,71	5,82

Total incomes, exclusively the revenues from cancellation of provisions and the income related to the deferred income tax, registered by the company in the financial year 2020, are worth **43.565.410 lei**, knowing a realization of 72,24% compared to the total revenues of the year 2019 (60,310,966 lei) . From the analysis of revenues, on the main service categories, it is observed a major decrease of incomes from rents, public food service and other incomes, as a consequence of the drastic reduction of tourism circulation, after the start of the SARS-Cov 2 pandemic, pandemic declared by the World Health Organization at the date of 11.03.2020



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

Within the total revenues of the year 2020, **the turnover totals 23,101,045 lei**, which represents **a realization of 47,12%** compared to the turnover of the previous year (49,027,474 lei).

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

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

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

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

The group "Other revenues" reflected in the turnover, achieved by carrying out secondary activities (treatment, parking, swimming pools) totaled 1,781,005 lei, namely a weight of 7,71%.

c) New products envisaged and their stage of development

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

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

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

- facilities for families with children;
- the program "Early registrations";
- capping at maximum 18% of sales commissions to agencies against the agreement rates;



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- non-commissioning of public catering services by the beneficiary, for which the provider granting a commission of 10%;
- granting additional discounts (by volume) at the end of the season.

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

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

1.1.3.Assessment of the technical-material supply activity

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

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

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

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

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

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

1.1.4.Assessment of the sales activity

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

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



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

Explanation	CNPP	Tourism agencies	Other beneficiaries	Tourist-days	
				Own account + online	TOTAL
Performed on the date of 31 December 2020	64.063	54.730	2.768	24.624	146.185
BVC on the date of 31 December 2020	89.212	198.950	10.400	22.123	320.685
Differences Performed on the date of 31 December 2020/ BVC on the date of 31 Decembrie 2020	(25.149)	(144.220)	(7.632)	2.501	(174.500)
Percentage performed 31 Decembrie 2020/ BVC 31 Decembrie 2020	72%	28%	27%	111%	46%
Performed on the date of 31 Decembrie 2020	103.998	236.654	18.878	27.517	387.047
Differences performed 31.12.2020/ Performed 31.12.2019	(39.935)	(181.924)	(16.110)	(2.893)	(240.862)
Percentage performed 31.12.20/ Performed 31.12.19	62%	23%	15%	89%	38%
Weights in the structure on the date of 31.12.2020	44%	37%	2%	17%	100,00%
Weights in the structure on the date of 31.12.2019	27%	61%	5%	7%	100,00%

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

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

From the analysis of the tourist circulation, we notice:

- The treatment contract concluded with the National House of Public Pensions (CNPP) ensured in 2020 a tourist circulation of 64,063 tourist days, with 25,149 tourist days less than the budgetary provision and with 39,935 tourist days less than achieved in 2019. This decrease is due to the decrease of the number of places auctioned by CNPP on resorts and because the COVID-19 crisis.



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- The tourist circulation through the travel agencies decreased in 2020 compared to 2019, with 181,924 tourist-days, and compared to the budgetary provision registered an decrease with 144,220 tourist-days.

- The company also signed agreements with other beneficiaries (trade unions, associations, etc.), based on which a tourist circulation of 2,768 tourist days was made, compared to 10,400 budgeted tourist days, which represents a decrease of 73 % compared to the budgetary provisions

- The segment of own and online sales registered an increase with 2,501 tourist days compared to the budgeted provision.

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

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

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

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

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

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

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

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



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

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

Share of each distribution channel in total year 2020:

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

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

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

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

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

Cr t. No.	Indicator	Number on the date of 31.12.2020	Average number in 2020	Average number in 2019
A	Permanent personal number whereby:	93	94	110
	<i>a) Tesa Personnel</i>	<i>36</i>	<i>33</i>	<i>40</i>
	<i>b) Operational personnel</i>	<i>57</i>	<i>61</i>	<i>70</i>
B	Seasonal personal number (exclusively day laborers)	37	153	292
	Total personnel	130	247	402

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



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It must be mentioned that the personnel number and the medium number on Group in the year 2020 is not influenced by Balneoterapia, inasmuch all the employees of the subsidiary have been hired from 2019 by the Mother-company.

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

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

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

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

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

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

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

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

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

- measures were taken to protect against COVID-19, offering a special attention for the tourists' accommodation, connected services and also tourist-tourist, personnel-tourist and personnel-personnel interaction;

- SSM measures were elaborated concerning the prevention of infection with the new coronavirus;

- it was delegated a commission made of three persons, for the prevention and spreading of coronavirus and to ensure the development of the work activity in security and health in labor conditions;



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-there were acquired dozers for disinfectants, stickers with clear signs, alcohol-based disinfectants, gloves, masks etc.

2. FINANCIAL AND ACCOUNTING STATEMENT

In 2020, T.H.R. Marea Neagră S.A. had the accounting organized according to OMF 881/2012 and OMF 2844/2016 to approve the accounting regulations conforming to the International Financial Reporting Standards. By these orders, it has been stated that companies whose securities are listed on the regulated market, including T.H.R. Marea Neagră SA, have the obligation to prepare the financial statements in accordance with the above mentioned normative acts.

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

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

ASSET	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Variation 2020/2019 (%)	Weight 2020 in total assets (%)
Intangible assets	184.759.464	179.793.015	179.585.901	102,76%	70,50%
Tangible immobilizations	630.962	493.453	362.713	127,87%	0,24%
Real estate investments	25.513.673	29.274.302	16.065.300	87,15%	9,74%
Financial assets	0	0	0	0,00%	0,00%
Fixed assets (including deferred tax assets)	468.339	462.004	1.416.286	101,37%	0,18%
TOTAL FIXED ASSETS	211.372.437	210.022.775	197.430.200	100,64%	80,66%
Inventories	845.862	1.665.470	294.218	50,79%	0,32%
Trade receivables	501.177	567.318	794.963	88,34%	1,91%
Other receivables	3.698.969	2.932.574	1.809.548	126,13%	1,41%
Cash availability	20.710.046	31.718.771	27.985.903	65,29%	7,90%
Assets classified as held for sale	24.858.415	29.359.724	37.666.185	84,67%	9,49%
Expenses registered in advance	77.425	46.779	895.292	165,51%	0,03%
TOTAL OF DEPRECIATION OF CURRENT ASSETS	50.691.895	66.290.637	69.446.109	76,47%	19,34%
TOTAL OF ASSET	262.064.332	276.313.412	266.876.309	94,84%	100,00%



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Within the assets of the company, the largest share is held by the **fixed assets (80,66%)**.

On the date of 31.12.2020, intangible assets which represent 70,50% of the total assets, register an increase with 2,76% compared to 31.12.2019. The decrease of the balance at 31.12.2020 with the value of depreciation, the discarding and missing from the inventory, the reclassifications from fixes assets in Real Estate Investments (Restaurant and Bufet Tosca), of the reclassifications from fixes assets in inventory items, of the lands (land Bufet Luna Park of Saturn, equipment complex Atena, Hotel Gloira and auto), **is annulled by the increase** with the value of construction work and acquisition of assets and by derecognition of Siret Complex (building and afferent field) of Real estate investment (rented asset) in Fixed assets as consequence of the cancelation of the rental contract concluded with Media Class SRL.

At the date of 31.12.2010, *at intangible assets*, which represent 0.24% of the total assets, we see an increase of about 27,87% compared to 31.12.2019, owed to the acquisition in financial leasing of three vehicles (brand Volkswagen – 2 pieces and brand Skoda Octavia – 1 piece) and which, according to IFRS 16 Leasing Contracts and to the requirements OMFP 2844/2016 they must not be acknowledges as means of transport but as “Assets afferent to the rights of using the assets taken in leasing” and treated as intangible assets.

At the indicator Real Estate investments, representing 9.74% of the total assets, we see an increase with 12,85% compared to 31.12.2019, owed to the derecognition of Siret Hotel (building and afferent field) of Real Estate investments (rented asset) in Tangible asset, consequence of annulation of the rental contract concluded with Media Class SRL.

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

At the FLOATING ASSETS, representing 19,34% of the total company assets, it is seen a decrease compared to the level realized at 31.12.2019, with 23,53% owed to:

- the diminution of stocks at thirds;
- the diminution of the Assets classified as owned for sale with the sum of 4,501,309 lei, representing the accounting value of the assets sold in 2020 (Gloria Hotel-building, and Atena restaurant- building and field);
- the diminution of the Cash availabilities with 34,71% compared to 31.12.2019 owed to the distribution and payments in the month October 2020 of dividends from Other reserves being in balance at 31.12.2019, in addition to the one distributed and paid in August 2020 from the net profit of the year 2019.



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- the diminution of the Trade receivable with 11,66% compared to 31.12.2019 owed to the efforts of the financial service to recover the sums owed by the clients for the serviced provided by the company in the year 2020.

The Indicator other claims which represent 1,41% of the company assets, increased with 26,13% compared to 31.12.2019 owed mainly to the VAT recovered from ANAF.

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

Crt. No.	Claims	Net claims on the date of 31.12.2020	Impairment adjustments on the date of 31.12.2020 (lei)	Claims on the date of 31.12.2020 (lei)	Net claims on the date of 31.12.2019 (lei)	Net debt variation 31.12.2020 31.12.19 (%)
1	Commercial claims	501.177	1.756.560	2.257.738	567.318	88,34%
2	Receivables from the state budget	3.412.752	27.472	3.440.224	2.669.062	127,86%
3	Different debtors	61.738	0	61.738	114.975	53,70%
4	Other claims	224.480	0	224.480	148.537	151,13%
	TOTAL	4.200.146	1.784.032	5.984.179	3.499.892	120,01%

The claims of the Group are composed by:

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

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

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

-**other claims** are mainly represent by the interest receivables by THR Marea Neagra SA at the deposits constituted at BCR in amount of 96,320 lei and which will be cashed in January 2020, social claims in sum of 69,665 lei, representing sick leaves paid by the Health Ensurance House.

In 2020, the liabilities positions had the following evolution:

LIABILITY	Value on the date of 31.12.2020 (lei)	Value on the date of 31.12.2019 (lei)	Value on the date of 31.12.2018 (lei)	Variation 2020/2019 (%)	Weight 2020 in total liabilities (%)
Subscribed and paid capital	57.894.994	57.894.994	57.894.994	100,00%	22,09%
Share capital adjustment following IAS 29	85.945.333	85.945.333	85.945.333	100,00%	32,80%



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application					
Share premiums	1.895.855	1.895.855	1.895.855	100,00%	0,72%
Reserves	24.914.052	32.929.447	28.188.838	75,66%	9,51%
Inflated reserves following first-time application of IAS 29	16.745.901	16.745.901	16.745.901	100,00%	6,39%
Differences from the reassessment	102.114.289	105.720.135	105.238.279	96,59%	38,97%
Own shares and Losses related to the sale / cancellation of equity instruments	(299.963)	(13.975)	0	2,146,43	(0,11)
The result carried forward with the exception of the carried forward result from the first adoption of IAS 29	60.866.479	57.651.954	55.169.050	105,58%	23,23%
The result carried forward from the first adoption of IAS 29	(102.691.275)	(102.691.275)	(102.691.275)	100,00%	(39,20%)
Other equity elements	(12.735.714)	(13.137.054)	(13.056.602)	96,94%	(4,86%)
Exercise result	4.115.367	5.200.742	9.400.951	79,13%	1,57%
TOTAL OWN CAPITALS	238.765.317	248.142.056	244.731.322	96,22%	91,11%
TOTAL DEBTS whereby:	23.299.015	28.171.356	22.144.988	82,70%	8,89%
Medium and long-term debts	14.159.958	14.174.979	13.990.404	99,89%	5,40%
Short-terms debts	9.139.057	13.996.377	8.154.584	65,30%	3,49%
TOTAL LIABILITY	262.064.332	276.313.412	266.876.309	94,84%	100,00%

Within the liabilities elements, the largest share is held by the equity (91,11%), the share capital representing 22,09% of the total liabilities of the company.

The equity on the date of 31.12.2020, decreased by 3,78% compared to the equities at **31.12.2019**, due to the increases / reductions on each liability item:

- **Reserves**, composed of legal reserves and other reserves, in a total amount of **24,914,052 lei**, with a decrease compared to 2019 (**32,929.447 lei**) with 24,34%, a decrease due to the diminution of the indicator Other reserves with the sum of 10,368,153 lei which was distributed on dividends, decrease compendated in a small measure with the sum of 2,015,796 lei distributed on other reserves and with the sum of 336,962 lei distributed on legal reserves from the net profit of the year 2019.
- **Differences** from the reassessment of the assets of the company in the amount of **102,114,289 lei**, which compared to the balance registered on 31.12.2019, knows a reduction with the amount of **3,605,845 lei** on account of the revaluation reserves from reassessment afferent to sold assets and disposals.
- **The result carried over** in the amount of **60,866,479 lei** balance representing the surplus realized from revaluation reserves related to the sold assets and the disposals. Compared to the balance of the financial year 2019 (57,651,954 lei), there is an increase with **3,605,845 lei** representing the surplus realized from reserves from reassessment related to the assets sold and disposed of in the financial year 2020 by



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THR Marea Neagra SA and a decrease with **391,321 lei** representing the loss reported of the year 2019 of Balneoterapia SRL.

- **The net result of the exercise** amounting to **4,115,367 lei** knew a decrease compared to the one of 2019 (5,200,742 lei) with 20,87%, decrease due mainly to the significant reduction of revenues from rentings and public food service, because of the SARS-CoV-2 pandemic, which significantly affected the field HORECA. The decrease was softened by the increase of the revenues from the asset sale.

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

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

No. Crt.	Current debts	Debts at 31.12.2019	Debts at 31.12.2020	under 30 days	30-90 days	91-180 day	181-270 days	270-365 days	Variation 31.12.2020/ 31.12.2019
1	Sums owed to credit institutions	0	1.273.484	0	0	0	0	1.273.484	0,00%
2	Commercial debts and other debts	13.586.647	7.638.015	6.205.687	491.368	94.643	203.980	642.337	56,22%
2.1.	Advances cashed in the account of order, total of which:	5.793.406	1.218.188	0	466.680	0	177.729	573.779	21,03%
	<i>Advances cashed from selling and renting assets</i>	5.724.599	1.040.459	0	466.680	0	0	573.779	18,18%
	<i>Advances cashed from tourism services</i>	68.807	177.729	0	0	0	177.729	0	258,30%
2.2.	Commercial debts	1.098.452	649.574	649.574	0	0	0	0	59,14%
2.3.	Debts to the state budget	638.083	432.648	432.648	0	0	0	0	67,80%
2.4.	Debts with the personnel	541.676	519.463	519.463	0	0	0	0	95,90%
2.5.	Other debts	5.515.029	4.818.142	4.604.002	24.688	94.643	26.251	68.558	87,36%
	TOTAL CURRENT DEBTS	13.586.647	8.911.499	6.205.687	491.368	94.643	203.980	1.915.821	65,59%

lei

Short-term debts on the date of 31.12.2020, including provisions, decreased over the same period of last year by 34,41%, a decrease due to:



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

The long-term debts on the date of 31.12.2020, excluding provisions, totaling **13,452,106 lei**, are slightly decreasing, by 0,60% compared to those recorded at 31.12.2019 (13,533,308 lei). These consist of term guarantees (suppliers) in the amount of 112,352 lei, of the deferred income tax in the amount of 13,151,453 lei (non-due debt to be recognized as payable debt, as the depreciation or exit of the fixed assets from the assets) and from Capital rates afferent to the three contract of financial leasing on 5 years term, in the amount of 188,301 lei.

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

No. Crt.	Explanation	31 December 2020 (lei)	Creation of provision until 31.12.2020 (lei)	Annullment of provision until 31.12.2020 (lei)	31 December 2019 (lei)
1	Provisions for total litigations, of which:	707,852	143,871	77,691	641,672
	<i>Carja Vasile - File.3093/118/2016 – claims cval improvements brought to Flora villa before its restitution to THR</i>	554,512	0	0	554,512
	Court. of Constanta Trial expenses representing lawyer honorary of Eforie City for the file 8013/118/2017 in which THR tried to annul a layland tax	3,570	3,570	0	0
	<i>Monica Saturn - File nr.3208/254/2019 – lack of using the space which covers the sea water pump (Bufet Aida)</i>	41,200	41,200	0	0
	<i>Alcon SRL - File no. 8002/118/2020 – Penalties bills</i>	99,101	99,101	0	0
	<i>Mateevici Alexandru, Zellinger, Stoicovic si altii – File 15314/212/2018 - Trial expenses, lawyer honorary from the files 2639/118/2017 and 4847/212/2010</i>	0	0	20,900	20,900
	<i>City Hall of Eforie city – taxes and accessories calculated additionally as consequence of fiscal control, contested by</i>	9,469	0	56,791	66,260



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	THR				
2	Provisions for the employees' benefits, total of which:	228,257	20,072	201,545	409,730
	<i>Provisions for retirement rights</i>	<i>55,878</i>	<i>20,072</i>	<i>16,665</i>	<i>52,471</i>
	<i>Provisions for not-effected Holidays</i>	<i>172,379</i>	<i>0</i>	<i>184,880</i>	<i>357,259</i>
	TOTAL PROVISIONS	936,109	163,943	279,236	1,051,402

THE FINANCIAL EXERCISE RESULT 2020

For 2020, the Revenue and Expenditures were realized in a weight of 100% at the category Revenues and in weight of 98,76% at the category expenses by the Mother-company, Balneoterapia not having activity, the structure of the two companies of the group being presented in the following table:

Name of indicator	THR (activities subject to profit tax) (lei)	THR (activities subject to specific tax) (lei)	TOTAL THR (lei)	Balneoterapia (lei)	TOTAL GROUP (lei)
Total revenues	25.103.087	18.463.063	43.566.150	(740)	43.565.410
Total expenditures	13.909.775	22.917.126	36.826.901	463.415	37.290.316
GROSS PROFIT	11.193.312	(4.454.063)	6.739.249	(464.155)	6.275.094

The revenues and expenses of the GROUP at 31.12.2020, in relation to the achievements of 2019 and 2018, are presented as follows:

Indicators	Accomplished 2020 (lei)	Accomplished 2019 (lei)	Accomplished 2018 (lei)	Index 2020/ 2019 (%)
Total operating income whereby:	42.690.317	59.491.027	63.851.785	71,76%
Accommodation activity	11.861.320	30.471.444	29.393.891	38,93%
Public catering activity	5.973.277	14.399.840	13.932.309	41,48%
Rental activity	3.485.443	1.305.195	1.139.225	267,04%
Other revenues included in the turnover (spa treatment, parking, swimming pool ..)	1.781.005	2.850.995	2.483.926	62,47%
Incomes from exploitation subventions	90.603	0	0	0,00%
Other incomes (fixed production, adjustments, cancellation of provisions, fines, penalties, etc.)	1.170.893	2.948.737	2.228.875	39,71%
Active sales activity	18.327.776	7.514.816	2.228.875	39,71%
Total Operating expenses whereby:	37.288.140	52.823.905	50.789.283	70,60%
Expenses regarding stocks	4.945.167	8.945.901	7.613.704	55,28%
Expenses regarding utilities	1.837.344	3.098.955	2.781.227	59,29%
Expenses with employee benefits	10.569.157	16.229.031	12.831.494	65,13%



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Expenses related to depreciation and depreciation of fixed assets	6.280.684	9.609.824	7.243.810	65,36%
Expenses with assigned assets and assets held for sale	4.771.679	2.318.435	7.309.729	205,81%
Expenses with other taxes and fees	3.402.125	4.225.644	4.384.556	80,51%
Expenses with external benefits	5.078.204	7.972.459	6.847.629	63,70%
Other expenses	403.782	423.656	1.786.134	95,31%
Operating result	5.402.178	6.667.122	13.053.502	81,03%
Financial incomes	875.094	819.939	361.371	106,73%
Financial expenses	2.176	12.897	2.506.100	16,87%
Financial result	872.918	807.042	(2.144.728)	108,16%
TOTAL INCOMES	43.565.411	60.310.966	64.213.156	72,23%
TOTAL EXPENSES	37.290.316	52.836.802	53.304.382	70,58%
GROSS RESULT	6.275.095	7.474.164	10.908.774	83,96%
Current tax expenses	1.991.921	922.731	958.747	215,87%
Discount 10%	(210.167)	0	0	0,00%
Expenses with the specific tax	252.008	462.548	439.630	54,48%
Deferred tax expenses	125.965	951.078	109.434	13,24%
Income related to deferred income tax	0	(62.935)	0	0,00%
NETResult	4.115.366	5.200.742	9.400.953	79,13%

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

lei				
Indicators	Accomplished 2020	Accomplished 2019	Accomplished 2018	Index accomplished 2020 / Realizat 2019
Basic activity				
Operational activity				
<i>Incomes (including incomes for cancellation of provisions)</i>	24.362.541	51.976.211	49.178.226	46,87%
<i>Expenses</i>	32.516.461	50.505.470	43.488.554	64,31%
Gross profit from operational activity	(8.153.920)	1.470.741	5.689.672	(418,48)%
Financial activity				
<i>Incomes</i>	875.094	819.939	361.371	106,73%
<i>Expenses</i>	2.176	12.897	2.506.100	16,87%
Financial gross profit	872.918	807.042	(2.144.728)	108,16%
Total incomes from basic activity	25.237.635	52.796.150	49.539.597	47,80%
Total expenses from the basic activity	32.518.617	50.518.367	45.994.653	64,37%
Gross result from the basic activity	(7.281.002)	2.277.783	3.544.944	(319,65)%
Active sales activity				
<i>Incomes</i>	18.327.776	7.514.816	14.673.559	243,89%
<i>Expenses</i>	4.771.679	2.318.435	7.309.729	205,81%



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Gross profit from asset sales	13.556.097	5.196.381	7.363.830	260,88%
<i>Operating incomes</i>	<i>42.690.317</i>	<i>59.491.027</i>	<i>63.851.785</i>	<i>71,76%</i>
<i>Operating expenses</i>	<i>37.288.140</i>	<i>52.823.905</i>	<i>50.798.283</i>	<i>70,60%</i>
Gross profit from exploitation	5.402.177	6.667.122	13.053.502	81,03%
TOTAL Incomes	43.565.411	60.310.966	64.213.156	72,23%
TOTAL Expenses	37.290.316	52.836.802	53.304.382	70,58%
TOTAL GROSS PROFIT	6.275.095	7.474.164	10.908.774	83,96%
<i>Income tax expenses</i>	<i>1.991.922</i>	<i>922.731</i>	<i>958.757</i>	<i>215,87%</i>
<i>Discount 10%</i>	<i>(210.167)</i>	<i>0</i>	<i>0</i>	<i>0,00%</i>
<i>Specific tax expenses</i>	<i>252.008</i>	<i>462.548</i>	<i>439.630</i>	<i>54,48%</i>
<i>Deferred profit tax expense</i>	<i>125.965</i>	<i>951.078</i>	<i>109.434</i>	<i>13,24%</i>
<i>Incomes related to deferred income tax</i>	<i>0</i>	<i>(62.935)</i>	<i>0</i>	<i>0,00%</i>
NET RESULT	4.115.366	5.200.742	9.400.953	79,13%

The total incomes registered in 2020, amounting to **43,565,411 lei** (including the provisions for cancellation of the provision in the amount of 443,377 lei), register a **realization of 72,23%** to the volume recorded in the previous year 2019 (60,310,966 lei).

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

- **accommodation incomes**, in amount of 11,861,320 lei, registering an accomplishment of 38,93% compared to the accomplished of the year 2019;

- **public food service incomes** in amount of 5,973,277 lei, registering an accomplishment of 41,48% compared to the accomplished of the year 2019;

The significant decrease of the incomes from accommodation and food service in the year 2020, towards both the budget and the accomplished of 2019, has at basis the international epidemic situation determined by the spread of the SARS-CoV-2 coronavirus, which had as effect the reinitiation of the activity and the partial opening of the hotel units from 15.06.2020, the restriction in the alert state in HORECA field, imposed by the competent authorities and the annulment of the bookings made for this period,

- **the rental activity** in amount of 3,485,443 lei, registered an increase with 167,04% compared to the accomplished of the year 2019, increase owed to the new assets rented starting with the year 2020 (Siret complex- building and afferent field, complex Capitol – building, Hotel Mureș – building, Hotel Prahova –building);



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-other incomes included in the turnover (spa treatment, parking, swimming pool entry, rentals etc.) in amount of 1,781,005 lei have registered an increase of 62,47% compared to the year 2019 (2,850,995 lei), this decrease being very connected to the diminution of the accommodation incomes;

-subvention incomes in amount of 90,603 lei, representing sums given by the government as protection measures for the emergency period determined by the COVID-19 pandemic based on the Law 30/2020 and Law 19/2020 as technical unemployment support, as consequence of restraining the activity of the company, respectively help for parents, for the children supervision because of the temporary closing of the schools;

-Other incomes in amount of 1,170,893 lei, representing lack of use field Bufet Luna Park, lack of use of the field and tax on land in Sat Vacanță Dunarea pertaining to Cuemjiev Ioan, accommodation for personnel for companies who provide construction work at Hotel Venus si Hotel Aida.

-the incomes from asset sale, in amount of 18,327,776 lei have registered an increase with 143,89% compared to year 2019 (7,514,816 lei). These incomes have been realized as a consequence of the conclusion of sale-purchase contracts for the assets: Complex Atena din Saturn (building and afferent fields), land in area of 1016 sm afferent to Bufet Luna Park of Saturn, restaurant Dunărea (building and field), and the sale of means of transportation (Honda vehicle, 3 Fiat Ducato and a tractor with tow).

The total expenditures registered in the year 2020, in amount of **37,290,316 lei** (less than the expenses with the tax profit and specific), register **an accomplishment of 70,58%** compared to the expenses of year 2019 (52,836,802 lei). The weight in this decrease is owed by the expenses of the operational activity (32,516,461 lei), which registered an accomplishment of 65,38% compared to the expenses of year 2019 (50,505,407 lei). We mention that during this period the management of the company adopted a prudential attitude, of reducing the additional expenses, taking into account at the same time, the continuation of preparations for opening the season of 2020.

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

-expenses with the stocks of materials of the type of inventory objects, consumable materials, goods, in the sum of 4,945,167 lei at 31.12.2020 registered a realization of 55,28% compared to the accomplished of 2019 (8,945,901 lei);

-the expenses with utilities (water-sewage, electric power and gases) in the amount of 1,837,344 lei at 31.12.2020, registered a realization of 59,29% compared to the accomplished at 31.12.2019;

-the expenses with external providers, including expenses with collaborators, in the amount of 5,078,201 lei, registered a realization of 63,70% compared to the accomplished of the year 2019 (7,972,459 lei);



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-the expenses with other taxes, including the expenses with pro rata VAT, in amount of 3,402,125 lei at 31.12.2020 register a realization of 80,51% compared to the accomplished of the year 2019, this being owed to imposing a lower number of assets, as consequence of their sale in 2019, the reduction of the tax rate for the assets from Eforie city and annulment of the layland tax for the year 2020 for the asset Hotel Meteor of Eforie;

-the expenses with personnel, in amount of 10,569,157 lei at 31.12.2020, register an accomplishment of 65,18% compared to the year 2019 (16,229,031 lei)

-the depreciation expenses in amount of 6,280,684 lei at 31.12.2020 have registered an accomplishment of 65,36% compared to the year 2019 (9,609,824 lei), owed to the recognition in December 2019 on expenses of the value remained nondepreciated with the materials of the kind of inventory object, which lead to the reduction of the tangible assets redeemable in 2020

-other operating expenses, in the sum of 403,782 lei at 31.12.2020 registered an accomplishment of 95,31% compared to the accomplished of the year 2019 (423,656 lei)

-the expenses with the assigned assets and the assets sale in sum of 4,771,679 lei at 31.12.2020 have registered an increase with 105,81% compared to the realized of the year 2019 (2,318,435 lei).

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

The total gross profit realized in the amount of 6,275,095 lei presents, by activities, the following structure:

- Operational activity	(8,153,920)lei
- Financial activity	872,918 lei
- Asset sales activity	13,556,097 lei

At 31.12.2020, the company registers a loss in the basic operational activity (78,153,920 lei), representing a decrease in absolute value compared to the accomplished of the year 2019 with 9,624,661 lei. We must mention that in the year 2020 the gross profit from the operational activity was very affected by the spread of SARS-CoV-2 coronavirus, which had as effect the late opening of the hotel units.



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The **gross profit from the financial activity of 872,918 lei** , at 31 December 2020, the company registers an increase by 8,16% compared to the accomplished at 31.12.2020, increase owed to the discount registered as consequence of the integral payment of local taxes until 31.03.2020 in amount of 159,174 lei and the bank interest cashed as consequence of constitution of bank deposits in amount of 701,058 lei.

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

Concluding, at the end of the year 2019, T.H.R. Marea Neagră S.A. – GROUP registered a GROSS PROFIT of 6,275,095 lei, and a NET PROFIT, determined after deducting the tax on current, deferred and specific tax calculated, according to the legal regulations, in an amount of 4,115,368 lei.

3. Insurance of financial resources, honoring payment obligations

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

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

4. Commercial company assets

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

Accommodation units:

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



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Public food service establishments:

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

Leisure units:

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

Spa treatment units:

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

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

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

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

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

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

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



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

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

5. Assessment of investment and development activity

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

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

Crt. No..	Unit	The investment objective	Total value, whereby:
1	Restaurant Narcis	Works of constructions saloon and food unit+ facilities	1.419.703
2	Hotel + restaurant + CT Diana	Continuation of works of increasing the confort degree from 2 to 3 stars and facilities	1.778.691
3	Piscina Raluca	Rehabilitation works, equipments , regulation of works access stair Hotel Raluca	773.881
4	Hotel Aida	Rehabilitation works of balconies and facades, electric installations for AC, telephone central, plasterboard walls	560.860
5	Hotel Sirena	Moquette rooms and hallways, central fire detenction assembly	514.366
6	Hotel Venus	Rehabilitation works hallways for rooms, room doors and bathrooms	505.414
7	Hotel Hora	Moquette rooms and hallways	495.536
8	Spalatorie si centrale termice	Gas burner and gas supply	253.479
9	Hotel Siret	Acces card for hotel doors 153 rooms	36.682
10	Hotel Balada	Rehabilitation work for balconies and facades	159.261
11	Administrativ	Diverse (cars, leptops, household utilities for resorts)	262.329
12	Hotel Cleopatra	Replacement of carpentry acces interior stairs, completion at the installation of hydrants for interior (ISU requirements)	63.437
13	Hotel Vraja Marii	Projection for rehabilitation resort 150 rooms and restaurant	50.161
14	Restaurant Brad, Restaurant Balada,	Kitchen devices, vaccum cleaners, command pannels	49.458



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	Restaurant Prahova, Hotel Bega, treatment units		
15	Complex BBB	Rehabilit. and moderniz. public utility infrastructure consisting in the collection of rainwater- Bega and Brad Hotels	44.172
16	Restaurant Venus	Construction work acces staircase	25.517
		TOTAL INVESTMENTS (lei without VAT)	6.992.950
		VAT	1.328.660
		TOTAL INVESTMENTS (lei inclusively VAT)	8.321.610

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

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

The investment financing action was fully supported by own sources.

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

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

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

7. The securities market issued by THR Marea Neagră SA

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

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



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

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

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

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

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

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

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

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

In AGEA no. 1 of THR Marea Neagră SA from 22.10.2019, it was decided to redeem its own shares by the company, in accordance with the applicable legal depositions, in the limit of 1% of the social capital, meaning a maximum of 5,789,499 shares with a nominal value of 0,10 lei/share, at a minimum price equal to the market price of the shares of the company from BVB and a a maximum price of 0,15 lei/share, with the destination **„distribution of the redeemed shares, free of charge, to the administrators, directors and employees of the company in view of improving and making loyal their activity within a program *Stock Option Plan*”** and with an unfolding of the program on a maximum 9 moths period.

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

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



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

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

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

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

The company hasn't issued any bonds during 2020.

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

In AGEA at the date of 11.08.2020, it is approved the modification of the administration form of the company from two tier corporate company to unitary system.

As consequence of the approval of the modification of the administration form, AGOA at 11.08.2020 decides the following:

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

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

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

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



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

It's not the case.

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

It is not the case.

c) list of persons affiliated to the company:

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

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

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

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

BALNEOTERAPIA SATURN SRL, in the year 2020, was administrated by a sole administrator, in the person of Ms. Costina Zaberca.

At 15 February 2021, it was named as liquidator the insolvency company Dascalescu & CO, which from this moment became the legal representative of the company.



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

It is not the case.

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

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

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

Another development direction is leisure tourism, which is a priority for the company. A major concern of the company is the expansion of distribution channels.

The company is in a continuous search for new customers, and the strengthening of the market relations with the current customers.

10. CORPORATE GOVERNANCE of the company THR Marea Neagra SA

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

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

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

The company's disputes are systematically monitored by the Board of Directors and the Executive Manager after 11.08.2020 (by Cs and Directorate until 11.08.2020), so that each meeting of the Board had at least one item on the main litigations of the company. The



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

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

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

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

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

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

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

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

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

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



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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
TOTAL	100,0000%	578.949.939	57.894.993,90

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

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

So far, the proposals of members in the Board of Directors have been made by the majority shareholder, the appointment being decided by the General Meeting of Shareholders.

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

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

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

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

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

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

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



TURISM, HOTELURI, RESTAURANTE MAREA NEAGRA S.A.

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

Facsimil: +40-241-755-559

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

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

Subscribed and paid-in share capital : 57.600.848,70 lei

Website: www.thrmareaneagra.ro

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

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

Administration Board,
Mr.Fratila Constantin