

ANNUAL REPORT OF THE ADMINISTRATORS
according to Law no. 24/2017 and the ASF regulation no. 5/2018
on issuers of financial instruments and market operations
for the financial year ended 31.12.2020

Name of the issuing entity: S.C. TURISM FELIX S.A.

Headquarter: Victoria Street no. 22, Băile Felix, Sânmartin Commune, Bihor county, 417500

Phone number/fax: 0259-318338 / 0259-318297

Unique Registration Code at the Trade Registry Office: RO 108526

Trade Register registration Number: J05/132/1991

LEI Code (Legal Entity Identifier): 254900YRWU6MYZS4BB14

Subscribed and paid capital: 49.614.945,60 RON

The regulated market on which the issued transferable securities are traded: BURSA DE VALORI BUCUREȘTI S.A.

Thcommon dematerialized shares from a single class with a nominal value of 0,10 lei/share in a total number of 496.149.456 share, invisible, with equal voting rights, freely transferable at Bursa de Valori București (Bucharest stock market) under the symbol TUFE.

Reporting currency: Romanian Leu (RON)- all the presented sums are in RON, if not otherwise shown

CHAP. 1. GENERAL PRESENTATION

1.1. THE FULFILMENT OF THE LEGAL FUNCTIONING CONDITIONS

S.C. Turism Felix S.A. is registered at the Trade Register Office under the number J05/132/1991, having as unique registration code RO 108526.

It functions as a joint-stock company according to the Law no. 31/1990 republished, including subsequent amendments and additions, having as basic activity balneary treatment, public food service and leisure activities, internal and international tourism, exploitation of thermo-mineral water sources, and their distribution. The activity field stipulated at art. 5 from the Act of Incorporation of the company and according to NACE classification the main activity is Hotels and other similar accommodation facilities – NACE code 5510.

S.C. Turism Felix S.A. has been initially founded in 15.10.1990, on the structure of the former Hotels and Restaurants Complex (HRC), functioning as a joint-stock company according to the Law 31/1990 republished and the Government Decision 1041/1990, with unlimited functioning duration.

It is a publicly owned company, in conformity with the terminology provided in the Law 297/2004 regarding the capital market, being registered at the National Securities Commission in

From 1997 and during the year 2006, the company's shares have been registered and traded on the RASDAQ stock market, having the symbol "TUFE". The inventory of the shareholders and shares held by them is kept by the Central Depository according to the provisions of Law 297/2004 and of the contract no.7778/01.03.2007. On 19.02.2007, the company has been admitted to trading on regulated market administered by S.C. Bursa de Valori BFrom the point of view of the financial situations' drafting the company applies the Order 2844/2016 issued by the Ministry of Public Finances for the approval of the accounting Regulations which are in conformity with the International Standards of Financial Reporting, applicable to merchant company whose securities are admitted to trading on regulated market.

The audit activity of the financial situations drafted for the year 2019 has been realized by S.C. Leocont Expert S.R.L. based on the contract no.8 from 28.08.2014 Annex 1/2017. During the financial year 2020 there have been no events of merging and reorganization of the merchant company.

1.2. THE MANAGEMENT OF THE COMPANY

Starting with 03.10.2020 according to the Ordinary General Assembly of Shareholders no. 4 from 03.10.2020, the company is managed by a Managing Board formed of five members with mandate of 2 years until 02.10.2022, as it follows:

- ec. Moldovan Marius-Adrian – President
- dr. ec. Petria Nicolae – Vice-president
- dr. ec. Tudor Ciurezu – Member
- ec. Petrea Radu Cătălin – Member
- eng. Susan Mihaela – Member

Until 03.10.2020 the company has been administered by a a Managing Board formed of three members appointed as based on an administration contract for the term 2016-2020, in conformity with the decision of the Ordinary General Assembly of Shareholders no. 2 from 30.12.2016, as it follows:

- dr. ec. Mihai Fercală – President
- dr. ec. Tudor Ciurezu – Member
- ec. Cotrău Gheorghe – Member

The Managing board has monitored the operational and financial performances of the executive management through performance indicators and criteria established in the Income and expenses budget and of other approved programs.

In 2020 a constant preoccupation of the managing Board was the optimization of the decisive process at the level of the executive management and the improvement of communication in order to apply measures and decisions of the Managing Board with increasing promptness and efficacy in order to maximize the results obtained in the developed activity and to minimize the negative effects of the market in which the company develops its activity.

The executive management of the company was assured by a managerial team, team that at the end of 2020 had the following membership:

- ec. Florian Serac – Managing Director
- ec. Popa Marcel – Chief Accountant,
- ec. Hepeş Rodica Melania – Sales Manager,
- dr. Farcaş Daniela Cristina – Medical director.

The Managing Board has followed the realization of the activity program proposed for 2020, the execution of the Income and Expenses monthly and quarterly budget and of the approved investments and reparations program.

In 2020, the Managing Board has met monthly in board meeting and has issued 56 measures and 13 decisions regarding the administration of the company. The measures and decisions taken have concerned all the activities developed in the company, respectively the accommodation activity, public food service and treatment, production and commercial, investing and reparation activity, human resources, economical-financial activity and internal audit and control. All the efforts of the Managing Board and of the executive management have been oriented towards the fulfilment of the company's mission to assure quality services, with the help of qualified personnel. In addition, the priority objective is to develop

the technical-material basis, the rehabilitation and modernization of the existing one, through a coherent and consequent investment program, in the conditions of a real protection of the environment.

The forecast and organization effort of the Managing Board has been fulfilled in future development programs of the company, marketing programs, computerization programs, programs of promoting and recruitment of the personnel and growth of the tourist product's quality, systems of procedures for the company's main activities and the reconsideration of its organizational structure.

We mention that the company does not have any knowledge that the presented persons have been involved in litigation or administrative procedures in the last 5 years or to have had restrictions to hold management positions inside the company. There are no agreements, accords or family links between the members of the managing board and the members of the executive management.

1.3. SHARE CAPITAL AND THE STRUCTURE OF THE SHARE OWNERSHIP; SHARES

1.3.1 Share capital and the structure of the share ownership

The subscribed and paid capital on the 31.12.2020 is of 49.614.945,60 lei representing 496.149.456 shares at a face value of 0,10lei/share.

The consolidated synthetic structure of the share ownership on the 31.12.2020, comparing to that of 31.12.2019 is thus presented:

Shareholders		Number of shares	Precents
<i>TOTAL according to Central Depository on 31.12.2019, from which:</i>		496.149.456	100,00%
1.	S.I.F TRANSILVANIA	313.579.000	63,20%
2.	S.I.F OLTENIA	143.752.429	28,97%
3.	Other legal and natural persons	38.818.027	7,83%
<i>TOTAL according to Central Depository on 31.12.2020, from which:</i>		496.149.456	100,00%
1.	S.I.F TRANSILVANIA	313.208.036	63,13%
2.	S.I.F OLTENIA	143.752.429	28,97%
3.	Other legal and natural persons	39.188.991	7,90%

At the end of 2020, the administrators, the general director and the managing team held together a number of 2.793.942 shares (0,55 % from the share capital).

All the shares of the company are nominative, ordinary, dematerialized and indivisible.

The S.C. Turism Felix S.A. shares have been traded starting with 21 March 2007 on the Bucharest stock market Standard category. In the period 2004-2011, the company's policy was one of reinvestment of the obtained profit, the company needing capital resources to realize the investment objectives, dividends not being thus distributed.

According to Decision of the O.G.A.S no.2 from 03.04.2020, the company has given a gross dividend/share worth 0,0101 lei, representing the division in proportion of 35,61% of the net profit realized in 2019.

Through the Decision of the E.G.A.S no.1 from 18.11.2019 it has been approved to carry out a program to repurchase by the company its own shares, in accordance with the applicable legal provisions, under the following conditions:

I. The Dimensioning of the program- maximum 4.961.494 shares with a minimal value of 0,10lei/ share, representing 1,00% from the share capital;

II. The acquisition price of the shares: the minimum price will be equal to the market price of the shares of the company on the Bucharest Stock Exchange from the moment of the purchase, and the maximum price will be 0.40 lei / share;

III. Duration of the program: the maximum period of 9 months from the publication of the E.G.A.S decision in the Official Journal of Romania, part IV;

IV. Payment of repurchased shares - from available reserves (except legal reserves) written in the last approved annual financial statements;

The purpose of the program - to distribute the shares repurchased for free, to the managers, directors and employees of the company, in order to make their activity more efficient and loyal, within a program "Stock Options Plan".

Through the EGAS decision no. 3 of 03.10.2020 the changing of the aims of the repurchase programme approve by EGAS from 18.11.2019 was approved, from the "distribution of the repurchased shares, free of charge, to the administrators, directors and employees of the company, in order to increase the efficiency and fidelity of their actions, in a Stock Option Plan programme", in "cancelling the shares that will be acquired by the company, followed by the corresponding reduction of the share capital".

On the date of reporting a number of 4.842.747 shares were repurchased, of a total value of 1.978.887 lei, the procedure for their cancellation following to be started.

Other information concerning the financial assets are found in the Notes to the financial situations.

The company did not issue bonds or other debentures in 2020, neither before this year, so that it doesn't have any type of obligations towards the holders of such securities.

1.3.1 COVID Events

The crisis created by the coronavirus is a major shock for the European and global economy, being a threat for the European economy and the citizens' standard of living. Member states have adopted budget, political and liquidity insurance measures, in order to enhance the capacity of their health systems and in order to offer help to people and departments that were heavily affected.

The economical impact of the crisis created by the coronavirus varies from one industrial sector to the other and from a company to another, one of the most affected being tourism, especially through the traffic and travel restrictions.

During the year 2020 the activity of the company was drastically affected by the onset and spread of the sanitary and economical crisis caused by the new COVID-19 virus. The hospitality sector was heavily affected by the resulted economical crisis, the onset of the pandemic being an event which had a significant impact on the activity of the company as a result of the establishment of the state of emergency and alert at national level which led to the imposition of some restrictive measures for the tourism activity.

The company has totally interrupted its basic activity based on the decisions issued by the relevant public authorities according to the law, in the period 16.03 – 16.06.2020, partially resuming its activity until 30.06.2020. Starting with 01.07.2020 the company opened its entire basic activity excepting the restaurant and bar units, these restricted even at the moment. We mention that the society hold a Certificate for a state of emergency – type 1 (blue).

One of the measures taken by the Government that have helped hotel industry was to sustain technical unemployment and other form of financial sustainment for the employees, as well as other aid schemes to defer the payment of taxes to the state budget.

The impact of the pandemic on the hospitality industry is a dramatical one, the company keeping only a minimum number of personnel to ensure the protection and maintenance services of assets, as well as of the operative functions. Given the shortage of personnel specific for the touristic domain, the company has pursued a policy of retaining basic staff, most of the staff benefiting from technical unemployment of 75% or other facilities related to staff.

The management also had and continues to consider measures on financial flows in a way that aims to reduce financial exposure and maintain the financial stability of the company, in order to ensure the conditions for overcoming difficult periods and ensuring business continuity.

The company faces both the specific risks arising from its current operation and the indirect risks that arise as a result of the activity of tourism companies and the domestic situation in general. The company has constantly pursued the classification of all specific risks at the medium level. The company's main risks (environmental risk, operational risk, market risk, credit risk and liquidity risk) are monitored, assessed and managed so that exposure mitigation measures can be prioritized and established in accordance with tolerance limits. at risk established by existing procedures.

Despite all government efforts to protect its citizens and mitigate the extremely serious negative socioeconomic consequences of the pandemic, the economic environment could suffer a further collapse if the coronavirus pandemic (COVID-19) is not significantly reduced, isolation measures are reintroduced, or trade tensions rise again as the number of infected people increases. For the next period, although there is a prospect of improvement, there are still signs of risks and uncertainties that could affect the smooth running of the company's business. The Company's management is aware that these developments may influence future activity, which implies a permanent monitoring of the evolution of events and the search for the best measures to ensure business continuity.

1.3.2 The declaration regarding the corporate governance code

S.C. Turism Felix S.A. has the shares listed at BVB Bucharest. As a result, the Company applies all the legal provisions regarding corporate governance, Law 31/1990 updated, OMPF 2844/2016 for the approval of the accounting Regulations conform to the International Standards or Accounting reporting, the NSC Regulation no.5/2018 regarding reporting, BVB regulations etc. All these documents are public. The company went for the implementation of the corporate governance code, the last public informing regarding the stage of the application of the code being presented and updated on 31.12.2020 as annex to the present report.

The Managing Board will analyse and decide upon the conditions and influences in the company's strategy regarding the accession to corporate governance.

The management of S.C. Turism Felix S.A. considers that there are no situations in which the company has moved away from the corporate governance code that applies to it.

The company leads the accounting in conformity with the legislation in force and has an integrated information system that stocks all the transactions. There are especially appointed and qualified persons who have the responsibility to elaborate financial reports by respecting the legal accounting policy adopted by the company. The financial reports are checked and approved by the Chief Accountant, the General Director and where it is the case, by the Managing Board. The company has a contract with an authorized financial auditor, in conformity with the legal requirements. It checks the financial reports in all the situations stipulated by the legislation in force.

The General Assembly has the attributions stipulated by the Law 31/1990 with the related amendments and by the company's articles of incorporation in force when the general assembly is held.

In its activity and in its reports towards the surveillance institutions of the regulated market, S.C. Turism Felix S.A. does not move away from the corporate governance code.

Inside the company there is an implemented internal control system, working procedures being established for the main activities. The attributions that the internal control exercises in the company, without limiting nevertheless to them, are:

- the examination of legality, regularity and conformity of operations, identification of errors, waste, faulty and fraudulent administrations and on these bases, the proposal of measures and solution to recover damages and to sanction the guilty, as the case;

- the surveillance of the decision foundation systems' functioning , planning, programming, organization, coordination, following and control of decision fulfilment;

- the evaluation of the efficiency and effectiveness with which managing and execution systems existent at the company's level use financial, human and material resources to realize the objectives and obtain the established results;

- the identification of the management and control systems' weak points, as well as of the risks associated to such systems, of some programs/projects or some operations and proposal of measures to correct them and to decrease risks .

The internal control is assured at all levels, an office of internal financial control being organized inside the company.

The internal audit activity is externalized, in this sense being signed a contract with S.C.Associated Business Auditors S.R.L. Timișoara. The internal audit is directly subordinated to the general director.

1.3.3 The non-financial declaration

In conformity with the stipulations of the OPFM no. 1938 from 17 August 2006 regarding the modification and completion of some accounting regulations, the public interest entities which, on the balance's date, overpass the criteria of having an average number of 500 employees during the financial year include in the managers report a non-financial declaration which contains, as they are necessary in order to understand the development, performance and position of the entity and the impact of its activity, information concerning at least issues regarding environment, social and personnel issues, respectively human rights, preventing corruption and bribery (art I, point 2, letter 492¹, paragraph (1)) or drafts a separate report (art I, point 2, letter 492⁴, paragraph (1)).

SC Turism Felix SA has opted for the presentation of the non-financial declaration as a separate report of the manager.

CAP. 2. THE ANALYSIS OF THE MERCHANT COMPANY'S ACTIVITY

2.1. THE ANALYSIS OF THE MERCHANT COMPANY'S ACTIVITY

Considering the establishment of the state of emergency by the Decree of the President of Romania no. 195 / 16.03.2020, extended by Decree no. 240 / 14.04.2020, of the decisions regarding the alert status, as well as the restrictions decided by the competent state authorities for the management of the situation generated by COVID-19, both the elements

of operating revenues and those of operating expenses for 2020 registered a decrease.

The outbreak of the pandemic in March 2020 was the event with a significant impact on the company's activity. The company was completely suspended based on the decisions issued by the competent public authorities according to the law starting with March 16, 2020 and partially starting with July 15, which had a significant impact on economic activity and the results obtained in 2020.

As an effect of the Covid-19 virus pandemic, the declaration of a state of emergency at national level and prolonged by a state of alert, as well as restrictive measures for certain branches of activity in the economy, the reduction of activity and implicitly the volume of income the end of 2020 to a positive result, in the amount of 653,655 lei, resulting in a significant decrease in results compared to the same period of the previous year.

1.1 a) The description of the merchant company's basic activity;

S.C. TURISM FELIX S.A. has as object of activity the provision of hotel services, public food services and leisure activities, balneary treatment and recovery services, selling tourist packages through the Tour operators, retail sale of products in own units, services of re-distribution of thermal, electric energy, water and sewerage, exploitation of thermo-mineral water sources and their distribution based on the concession license etc.

b) The description of acquisitions and/or divestitures of assets;

In 2020 there has been realized an investment volume of 8.823.917 lei, concretized in the following works:

Location	Valoare
Internațional	675.382,01
Termal	182.093,03
Nufărul	95.230,09
Poienița	857.198,13
Mureș	955.617,03
Apollo lido	244.074,25
Felix lido	76.162,79
Venus lido	2.013.794,98
Administrative	91.995,02
Household group	223.884,80
Exterior networks	3.337.786,92
Other investment works	46.879,79
Other amenities	23.818

1. INTERNAȚIONAL COMPLEX : (planned value 729.000,00 lei, from which until 31.12.2020 were executed works worth 675.382.01 lei).
 - Modernisation of 55 bathrooms and replacement of bathtubs with shower tubs.
 - York Acquisition of 150 pieces of York fan coil units
 - Acquisition of facial machine, magnetodiaflux device and a massage bed in the treatment base
 - Purchase and installation of control system for SCP for domestic hot water preparation
 - Modernisation works on the exterior showers around the pools as well as finishes at the wellness and women's pool in the treatment base
 - A 35 cubic meter cold room was purchased and installed

2. TERMAL COMPLEX : (planned value 555.000,00 lei, from which until 31.12.2020 were executed works worth 182.093,05 lei).
 - Modernization of carpentry in the restaurant
 - Acquisition and installation on position of 2 pieces of domestic hot water storage vessels
 - Acquisition of two electrotherapy devices and an ultrasound device in the treatment base
 - Acquisition of 50 pcs. York fan coil units
 - Finishing modernization works were carried out at the entrance to the hotel
3. NUFĂRUL COMPLEX: (planned value 121.000,00 lei, from which until 31.12.2020 were executed works worth 95.230,09 lei).
 - Modernization works were carried out on the interior finishes in the apartments
 - A 15,77 cubic meter cold room was purchased and installed
4. POIENIȚA COMPLEX: (planned value 586.000,00 lei, from which until 31.12.2020 were executed works worth 857.198,13 lei).
 - Modernization works were carried out on the interior finishes in the restaurant kitchen
 - Kitchen equipment was purchased
5. MUREȘ COMPLEX: (planned value 574.000,00 lei, from which until 31.12.2020 were executed works worth 955.617,03 lei).
 - Modernization works were carried out on the interior finishes of rooms, bathrooms and halls on the seventh floor (including plumbing, heating, electrical)
 - TV system wiring upgrade
 - Modernization of the outdoor pool
 - Works were carried out to modernize the toilets for tourists on the ground floor
 - A 20 cubic meter cold room was purchased and installed
 - Modernisation works were carried out on the elongation basin from the treatment base
6. APOLLO LIDO: (planned value 25.000,00 lei, from which until 31.12.2020 were executed works worth 244.074,25 lei).
 - Closure work has been carried out on the day bar terrace
 - An air treatment plant was purchased and installed
 - Pool modernization works were carried out
 - An IMP re-circulation pump and a Wilo air conditioning re-circulation pump were purchased
 - Modernization works were carried out on the waterproofing of the Apollo II terrace
7. FELIX LIDO: (planned value 5.000,00 lei, from which until 31.12.2020 were executed works worth 76.162,79 lei).
 - A potato peeler and an ice cube machine were purchased
 - Acquisition of 5 water re-circulation pumps in the pools
8. VENUS 1 MAI LIDO: (planned value 50.000.000,00 lei, from which until 31.12.2020 were executed works worth 2.013.794,79 lei).

- Construction permit fees have been paid
- The design works for the restoration, modernization and maintenance works were carried out at Venus 1 May Leisure Complex

9. ADMINISTRATIVE OFFICE: (planned value 175.000,00 lei, from which until 31.12.2020 were executed works worth 91.995,02 lei).

- Arrangement works were carried out for the access road to Hotel Poienița and Hotel Mureș
- The magnetic ticket printing system has been modernized

10. HOUSEHOLD GROUP: (planned value 68.000,00 lei, from which until 31.12.2020 were executed works worth 223.884,80 lei).

- Two professional washing machines were purchased

11. WELLS, BOREHOLES AND THERMAL SUBSTATIONS : (planned value 95.000,00 lei, from which until 31.12.2020 were executed works worth 30.043,74 lei).

- Acquisition and fitting of a A 2000 kW heat exchanger in the TS1300
- Modernization works were carried out on the roofs of the TS1300 and Izvor 4012 buildings

12. EXTERIOR NETWORKS:(planned value 5.024.000,00 lei, from which until 31.12.2020 were executed works worth 3.337.786,92 lei).

- modernisation works on the network of primary heating agent.

13. DIVERSE AMENITIES: (planned value 100.000,00 lei, from which until 31.12.2020 were executed works worth 23.818,00 lei).

- A UPS stabilizer source was purchased at the server room and one at the International Hotel
- A video surveillance network was purchased and installed in Hotel Mureș

14. DIVERSE PROJECTING: (planned value 40.000,00 lei, from which until 31.12.2020 were executed works worth 16.836,05 lei).

- Execution of design project for rooms at Termal Hotel

c) The description of the main results of the company's activity's evaluation

1.1.1. Elements of general evaluation

Revenues for 2020 decreased as a result of the measures

Expenditure for 2020 decreased as a result of general economic and fiscal measures adopted by the government as well as specific measures to support the hotel industry:

- *staff support measures (support for technical unemployment for employees, granting days off to parents of minor children, etc.)*
- *facilities for deferring the payment of taxes and other tax obligations*

a) Net profit

Year	2019	2020
Values - lei	14.211.525	462.885

b) Turnover

Year	2019	2020
Values - lei	93.085.092	53.825.460

c) export

Year	2019	2020
Values - lei	0	0

d) costs

Indicators	- lei	
	Realized 31.dec.2019	Realized 31.dec.2020
Material expenses		
Expenses on raw material	78.192	22.553
Expenses on consumables	3.180.011	2.308.448
Expenses on inventory objects	2.296.743	261.627
Expenses on not stocked materials	109.073	48.812
Expenses on energy and water	8.910.457	6.538.191
Expenses on goods	11.407.513	6.894.751
Trade discounts received	-21.302	-17.367
Material expenses - total	25.960.687	16.057.016

Indicators	- lei	
	Realized 31.dec.2019	Realized 31.dec.2020
Expenses with third parties		
Expenses on maintenance and reparations	898.728	487.858
Expenses on rents	60.330	88.188
Expenses on insurance premiums	122.751	117.887
Expenses on the personnel's training	1.450	0
Expenses on collaborators	1.481.017	1.855.902
Expenses on commissions and honoraria	19.991	59.109
Expenses on protocol, advertising, publicity	355.637	276.198
Expenses on transport of goods and people	1.200	2.941
Expenses on travel, detachments and transfers	25.280	12.131
Postal expenses and telecommunication taxes	248.801	195.055
Expenses on assimilated banking services and similar	153.391	116.472
Other expenses on services - third parties	3.650.947	2.225.685
Expenses with third parties-total	7.019.523	5.437.425

Indicators	- lei	
	Realized 31.dec.2019	Realized 31.dec.2020
Taxes and fees		
Expenses on other taxes, fees	2.598.076	2.561.790
Taxes and fees - total	2.598.076	2.561.790

Indicators	- lei	
	Realized 31.dec.2019	Realized 31.dec.2020
Expenses on salaries		

Expenses on personnel salaries	32.470.912	26.607.359
Expenses on meal tickets given to employees	2.481.648	1.577.428
Expenses on insur. and social protection	40.450	27.014
Expenses regarding the working insuring contribution	763.919	529.875
Income from operating subsidies for staff payments	0	-6.309.152
Expenses on salaries – total	35.756.929	22.432.524

- lei

Indicators	Realized 31.dec.2019	Realized 31.dec.2020
Amortizations, adjustments, provisions		
Losses from receivables and sundry debtors	6.365	41.623
Other operating expenses	1.253.159	280.912
Operating expenses related to amortizations	6.162.918	6.552.004
Oper. expenses related to risks and expenses prov.	738.196	420.446
Income from provisions for risks and expenses	-359.274	-759.308
Oper. expenses regarding current assets adjustment	0	5.098
Income from adjustments for deprec. of current assets	0	-41.623
Amortizations, adjustments, provisions – total	7.801.363	6.499.151
Operating costs – total	79.136.579	52.987.906

e) held from the market

The company is an important element on this market.

The market share of S.C. Turism Felix S.A. in the balneary tourist activity from Romania in 2019 was of 7,88% (as number of tourists) , lower than the previous year when it was 8,25%.

In what concerns the overnights(tourist days), the company held in 2018 a share of 8,98%, increasing compared to the previous year when it was 7,99% on the local balneary tourism market.

The accommodation capacity held by the company represents 4.87% of the total existing accommodation capacity in Romania on the segment of balneary resorts / spas.

The market shares are calculated based on the available statistical data, supplied by the National Institute of Statistics through the statistical Summary – Romania's Tourism 2019, respectively 2018, that represents the statistical information for 2018-2019.

No statistical data for 2020 have been published by the date of the report.

f) liquidity (available in the account, etc.)

The available in cash and in the company's accounts on 31.12.2020 was 6.002.594 lei.

- lei

Cash and equivalents in cash	2019	2020
Accounts at banks in lei	13.438.747	2.962.612
Accounts at banks in foreign currency	2.867.040	2.917.459
Cash in "cash register"	10.881	91.747
Other equivalents in cash	58.145	30.776
Cash value and equivalents in cash on 31.dec.	16.374.813	6.002.594

1.1.2. Evaluation at the merchant company's technical level

The description of the main realized products and/or services offered by mentioning:

a) the main outlet markets for each product or service and distribution methods

The main outlet market of the basic tourist products have been:

- On the Romanian market: SC Transilvania Hotels & Travel SA București as main tour operator, SC Exim Tour SRL, SC Sejur Perfect SRL, SC Bibi Touring SRL, SC Accent Travel&Events SRL and SC Nova Travel SRL, balneary treatment addressed to the insured of the National House of Pensions Bihor and the National House of Health Insurances of Bihor county.

- On the external market towards countries such as Germania, Israel, Austria etc.
- On-line reservation of hotel services

We must mention the fact that the selling of the tourist products (other than the contracts with the National House of Public Pensions and with non-tourism companies) was mostly realized through SC Transilvania Hotels & Travel SA Bucharest, the tour operator travel agency that administered the accommodation places from the hotel units and public food services from the tourism portfolio of SIF Transilvania, from which SC Turism Felix SA. is part.

The outlet market to redistribute thermal energy and waste and thermo-mineral water are juridical and natural persons from Băile Felix, due to the fact that the existing heating installation and water networks are own, being thus a captive distributor. From the beneficiaries of these deliveries, the main are: SC CSDR Sind Turism SRL, SC SIND Tour Trading SRL, SC Transilvania Tour SA, Băile Felix Recovery Hospital.

b) the share of each category of products or services in the revenues and total turnover of the company for the past two years;

- lei

Indicators	Realized 31.dec.2019	%	Realized 31.dec.2020	%
Incomes from accommodation	32.203.335	34,45%	19.799.977	36,43%
Incomes from public food service	36.364.046	38,91%	19.934.026	36,67%
Incomes from treatment	8.185.559	8,76%	4.344.449	7,99%
Incomes from leisure activities	10.593.767	11,33%	6.283.514	11,56%
Incomes from rents	741.278	0,79%	545.992	1,00%
Other incomes related to the turnover	4.997.106	5,35%	2.917.500	5,37%
Turnover	93.085.092	99,59%	53.825.460	99,02%
Other Incomes from operation	380.397	0,41%	530.150	0,98%
Incomes from operation – total	93.465.489	100%	54.355.610	100%

*The incomes are decreased with the provisions for the risks and expenses that are adjusted based on the corresponding expenses accounts; these are reflected in the Account of profit and loss

c) the new products taken into consideration from which it will affect a new volume of shares in the future financial year as well as the development stage of these products.

Not the case

1.1.3. The evaluation of the technical-material supply activity (indigenous sources, import sources)

All the suppliers are ISO/HCCP certified or in course of certification. The accepted suppliers were evaluated based on ISO9001. All the supplied alimentary and material goods

are accompanied by quality certificates, declaration of conformity, security sheet, sanitary veterinary certificate according to the specific of each product.

The supplying with raw materials is made directly from the suppliers or direct distributors, being thus possible the negotiation of some prices, advantageous for the company. The prices are well correlated in report to quality.

The stocks of raw materials and materials are at the necessary minimum level. Due to systematic supply there are no gaps created in the stocks of raw materials and materials. This fact determines a good rotation speed of stocks (19 days).

The suppliers of raw materials and materials manifest trust in the company's financial solidity, existing few cases in which operations of settlement are performed through instruments like CECs or promissory notes. Payment conditions were negotiated in conformity with the stipulations of the Commercial code with terms between 12 and 60 days.

The main suppliers are:

- Alimentary goods: SC Ferma Zootehnică SRL Baia Mare, SC Romconex SRL Oradea, SC Metro Cash&Carry SRL, SC Moisi Serv SRL, SC Vandana SRL Oradea, SC Panificatie Tomis SRL Oradea, SC Pelops SRL Oradea, SC Macromex SRL, SC Carslrom Beverage Co.SRL, SC Pigalle&Colors SRL, SC Matros SRL Oradea, SC Prodlacta SRL, SC Forelit SRL Sălard, SC Selgros Cash&Carry SRL.

- materials: SC Microlit SRL, SC Sacrilan SRL, SC Vitalor Chem SRL, SC Dromaderu SRL, SC Ditto SRL, SC Diversey România SA, SC Rogvaiv SRL, SC Selectron SRL, SC Austral SRL

- construction works and fitting, repairs and equipment: SC Aqua Plus SRL, SC Crito Prod SRL, SC Star Decor SRL Oradea, SC Inselma SRL, SC Victema SRL, SC Otis Lift SRL

- utilities: SC Getica 95 Com SRL, SC Termoficare SA Oradea, SC RDS&RCS Romania SRL, SC Compania de Apa SA

1.1.4. *The evaluation of the selling activity*

a) *The description of sales' evolution sequentially on the internal and/or external market and the sale's perspectives on long and medium term:*

The obtained turnover 53.825.460 lei is mainly composed of incomes from three clients which are SC Exim Tour SRL (7.585.871 lei with a share of 14,09% from the turnover), The National House of Public Pensions (5.951.148 with a share of 11,06% from the turnover), respectively Transilvania Hotels & Travel SA (4.262.851 with a share of 7,92% from the turnover).

In the analysis of the tourist activity's main indicators for the year 2020, the first analysed indicator is the places' occupancy rate (the average using index of the functioning capacity), which at the level of 2020 was of 54,94% being with 12,2 percentage points lower than in 2019 (when it was 67,06%).

The places' occupancy rate shows the efficiency of the use of the functioning accommodation capacity, in this sense it is to mention the fact that in 2020 the functioning accommodation capacities lower than in 2019 with 23,30% respectively 4.591. Accommodation capacities are usually closed during periods of low demand (in the off-season, quarters I and IV), but in 2020 they were also closed due to measures imposed by the authorities to limit the spread of Covid.

These reasons, together with the maintaining of the average length of stay, have determined in 2020 the realization of a medium average occupancy rate of the functioning places lower than in 2019.

In what concerns the realized total tourist days, in 2020 a decrease of 45,67% (172,664 tourist days) was registered, compared to 2019:

- the decrease of the number of tourist days with 45,67 (172.664 tourist days), from 378,173 tourist days in 2019 to 205.509 tourist days in 2020;

- total tourist day realized in 2020 have reached 205.509 tourist days, from which tourist days realized by Romanian citizens were 204.315 and those realized by foreigners were 1.194 tourist days.

As structure, in 2020 compared to 2019 the following modifications were registered at tourist days categories:

- the decrease of the number of tourist days on the 4 *; from 75.729 in 2019 to 40.124 in 2020 (47,02%, 35.605 tourist days)

- the decrease of the number of tourist days on the 3* tourist accommodation segment; from 178.261 in 2019 to 104.408 in 2020 (41,43%, 73.853 tourist days)

- de 2* the decrease of the number of tourist days on the 2* tourist accommodation segment; from 124.183 in 2019 to 60.977 in 2020 (50,90% 63.206 tourist days).

- the average income/ tourist-day in 2020 is of 261,91 lei lei, higher with 15,77 lei compared to the previous year(246,14 lei) in the conditions of the decrease of the tourist-days.

- It has decreased the number of foreigners' tourist-days with 89,17% that is with 9.834 tourist days;

- It has remained at the same level the average length of stay of 5,39 days, but decreased more sharply for foreign tourists from 1.77 days in 2019 to 1.21 days in 2020, the increase of 0.03 days for Romanian tourists offset the decrease in the average stay of foreign tourists;

The total number of tourists has decreased from 70.161 in 2019 to 38.098 in 2020 , the decrease being of 32.063 tourists, respectively 45,69%.

The company's policy regarding the increase of the number of arrived tourists has concentrated on direct contracts fact that has led to a growth on the relation of organized internal tourism. These numbers place S.C. Turism Felix S.A. on an important position in the tourism for health from Romania.

Description of the competitive situation in the merchant company's domain of activity, the market share of the products or services of the merchant company and the main competitors

In Romania there is a significant number of tourist resorts especially oriented towards the balneary segment the best known being Băile Herculane, Sovata, Băile Olănești, Covasna, Vatra Dornei, Băile Tușnad, Ocna Șugatag, Năvodari, Sângeorz Băi, Slănic Moldova, Mangalia, Soveja. The tourist facility of these resorts is mainly formed of hotel complexes built before 1989 some of them being subject to modernization investments once taken over by various investors.

An important competitor of the company is the company SIND Romania reorganized in ventures, from which SC CSDR SIND Turism SRL and SC SIND Tour Trading SRL, that owns assets in the resort. SC SIND Romania is considered one of the most important tourism companies in Romania. It owns approximately 20.000 accommodation places (hotels, villas) especially in the two stars category from which 10% in the resort Băile Felix.

Important to mention is the fact that each resort mentioned above is specialized in the treatment of specific disease, being impossible to speak about a direct competition between them.

Another important aspect in making the competition analysis is also the category of tourist services offered by companies, with usually a well-defined segment of customers for each company which usually does not correspond to other companies. As a result we can

speak about a direct competition only locally, inside the Băile Felix resort, here being mainly about the same segment of clients that are concerned about the curative properties specific to thermal waters in the resort.

It is to mention the fact that thermal water sources in the Băile Felix resort are in the property of the company following their concession by the state for a period of 20 years.

The competitor situation for the tourist product of balneary treatment:

- in Băile Felix:

o SC CSDR SIND Turism SRL, SC SIND Tour Trading SRL, SC Transilvania Tour SA, pensions, etc.

o Hotel President ****: 196 accommodation places, 200 restaurant places, 350 wedding hall places, wellness centre, aqua park inaugurated in 2012 which is a direct competitor for the hotels Internațional**** , Termal*** și Nufărul***

o Felix Recovery Hospital: 150 beds in Băile Felix and 90 beds in Băile 1 Mai. The hospital has a new outpatient treatment department where, based on evidence of insurance and the referral letter from a GP or specialist, treatment is free. It is the largest competition in the 2-star hotels.

- In Băile 1 Mai:

o Hotel Ceres ** (474 places) UTB (belongs to the National House of Public Pensions) that, beside balneary treatments, from 2012 has an artificial saline enlarging its treatment area to those of the respiratory system.

o Hotel Perla *** 100 places and is competition for the 3 starts hotels.

- in the country: SC Sovata SA, SC Băile Herculane SA.

b) *description of any significant dependency of the merchant company to a single client or group of clients whose loss would have a negative impact on the incomes of the company.*

Not the case

1.1.5. *The evaluation of aspects related to the merchant company's employees/personnel*

a) *Specifying the number and level of training of company employees and the degree syndication of the workforce*

At the end of the year 2020, compared to the year 2019, *the structure of employees on types of activities*, is the following:

No.	Expenses on employees	Actual no. of employees		Share in the total employees	
		2019	2020	2019	2020
1.	Total employees hotel complexes and leisure activities, from which	650	596	81,05	80,32
	- accommodation structures	190	179	23,69	24,12
	- public food service	287	250	35,79	33,69
	- leisure activities	32	36	3,99	4,85
	- treatment facilities	141	131	17,58	17,66
2.	Maintenance employees, reparations, transport, auxiliary, production	90	87	11,22	11,73
3.	TESA employees	62	59	7,73	7,95
4.	Total of employees	802	742	100,00	100,00

From the data presented above results the fact that the number of employees in 2020 has decreased with 7,48% respectively 60 employees. At level of the hotel complexes and leisure activities the number of employees has registered the following situation:

- accommodation structures → the number of employees decreased with 5,79 %
- public food services → the number of employees decreased with 12,89 %
- leisure activities → the number of employees increased with 12,50 %
- treatment → the number of employees decreased with 7,09 %

From the total of employees (742 salaried), 37,86% are men (281 salaried) and 62,13% are women (461 salaried). On age categories, the situation of the personnel is the following: the age group between 50-59 predominates with a number of 211 salaried, and the first four age groups (up to 45 years old) include a number of 335 salaried representing 45,15% from the total of salaried.

In what concerns qualification, formation, instruction and training of employees, there is a number of 15 salaried who have qualified, trained, instructed and completed their studies.

At the level of hotel complexes there are professional training courses done, both in the serving space, production and in the accommodation and treatment spaces, by the company's personnel and the managers of the jobs and the salaried from the Quality Office. The training is based on the themes from the Training Plan, appendix to the Collective Labor Agreement and are emphasized in the training's confirmation forms.

Also, in the medical field, the staff participated in training courses on various medical topics: "Assertive communication with patients", "News in the approach to osteoporosis", "Stress management techniques and restoring inner balance", "Waste management in units medical" etc.

New Conventions were concluded and the students from Dual Education, respectively from Partenie Cosma Economic High School, Mihai Viteazul Technical College, Traian Vuia Technical College, for the professions of: waiter, cook, hotel worker, continued their professional training. The students were rewarded with scholarships worth 200 lei per month. The total value of the expenses with their scholarships (including settled subscriptions) in 2020 amounting to 71,133 lei.

The average number associated to the financial year 2020 is of 727 persons, from which 37 managing persons and 690 executive persons.

Shortly, the Company's personnel's structure is thus presented:

Structure of the personnel	Average number
average number associated to financial year 2020	727
1. managing personnel - total, <i>out of which</i> :	37
- executive directors	3
- T.E.S.A. managing personnel – office chiefs	6
- managing personnel from hotel complexes and leisure activities	26
- managing personnel from auxiliary sectors	2
2. executive personnel - total, <i>out of which</i> :	690
- T.E.S.A. executive personnel	48
- executive personnel from hotel complexes and leisure activities - total, <i>out of which</i> :	432
a) hotel receptionists	21
b) maids	59
c) administrators: bar tenders, administrator cooks, barkeepers, administrator workers	26
d) cooks	53

e) waiters	62
f) kitchen workers: waiter helpers (unqualified)	52
g) kitchen workers: cook helpers (unqualified)	31
h) porters	34
i) other personnel	94
- executive personnel in auxiliary sectors	97
- executive personnel from the treatment facility	113

At the society level, the working relationships that concern elements of syndicate nature, the personnel's interests are represented by the employees' representative.

b) Description of the relationship between manager and employees and of any conflicting elements that characterize these relationships.

There aren't and there aren't reported conflicting elements that can negatively affect labour relations at the company level.

1.1.6. The evaluation of aspects relates to the impact of the issuer's basic activity on the environment

Summary description of the issuer's basic activities on the environment as well as of any existent or expected litigation regarding the violation of environment protection legislation,

The company operates both its current activity and the investment one, in conditions of real protection of the environment, obtaining all the environmental permits necessary for each type of activity.

1.1.7. The evaluation of the research and development activity

Indication of expenses in the financial year and those that are anticipated in the next financial year for research and development activity.

Through its specific activity, namely hotels and other similar services, in 2020 the company did not record expenses on research and development activity, and for the year 2021 does not intend to conduct such expenses

1.1.8. The evaluation of the merchant company's activity regarding risk management

Description of policies and objectives of the merchant company regarding risk management

In the conditions of the economic situation at the branch level, of the realised number of tourist days in 2020 the results are still notable due to measures taken through selling policies regarding tariff formation and management of costs, from which we mention:

- optimization of arrivals in tourist reception establishments to ensure an occupancy rate that allows operation under conditions of efficiency
- flexibility of opening hours of tourist reception establishments closely related to market segments and their seasonality
- continuous development and promotion of the service packages which led to increased customer satisfaction in conditions of economic profitability

- implementing some policies of selling of leisure services in order to attract new tourists from internal and external surrounding areas
- optimization of utilities consumption
- Effective human resource management in correlation with operational capacity at the lowest achievable cost
- Rhythmic supply and minimum stock of goods, raw materials and consumable materials
- efficient cash flow through tracking measures of the due of receivables and payables
- commitment of expenditure in correlation with the moment of realization of income developed in closely concordance with ensuring availabilities
- engaging in maintenance, repair and minimal modernization, in crisis conditions ensuring necessary comfort

The method "scoring" aims to provide predictive models for assessing the risk of bankruptcy of the company. This method is based on statistical techniques of discriminant analysis.

The application of discriminator analysis through the Altman method, it is obtained a "Z" score, that represents a linear function of a set of rate

The Society's flexibility degree is maintained at the previous years' level.

There is a decrease from the previous year of the own contribution to the financing of investments as a result of granting dividends, while the return on patrimony is in an easy trend of growth.

The market value of the company's share capital lies on an upward trend and the indebtedness on medium and long term is in continual decline.

Following the company's bankruptcy risk assessment by the method Altman, it is noted an improvement of the solvency, this being high.

Analysing bankruptcy risk calculated by the two methods we can conclude that the risk of bankruptcy is almost non-existent.

Bankruptcy risk through scoring method

ALTMAN FUNCTION

Rates involved in determining score "Z"				Rates involved in determining score "Z"		Rates involved in determining score "Z"	
Rate no	the formula of the involved rates		Calculation values during analysis			2019	2020
			2019	2020		2019	2020
r1	Circulating asset / total asset	A_c / A_t	28.604.027 / 241.835.165	15.236.660 / 223.635.007	1,2	0,1419	0,0804
r2	Reinvested profit / total asset	$P_{n_{reinv}} / A_t$	6.331.448 / 241.835.165	456.192 / 223.635.007	1,4	0,0367	0,0029
r3	The current result before tax / total asset	P_b / A_t	15.012.910 / 241.835.165	653.655 / 223.635.007	3,3	0,2049	0,0096
r4	Stock market capitalization / Loans	K_{BVB} / D_{tml}	183.575.299 / 1.273.948	156.783.228 / 1.389.407	0,6	86,4597	67.7051
r5	Turnover / total asset	CA / A_t	93.085.092 / 241.835.165	53.825.460 / 223.635.007	0,99	0,3811	0,2383
Z = 1,2 r1 + 1,4 r2 + 3,3 r3 + 0,6 r4 + 0,99 r5						87,2242	68,0363

$Z \leq 1,5$	-	-	-
$1,51 \leq Z \leq 1,8$	-	-	-
$1,81 \leq Z \leq 2,70$	-	-	-
$2,71 \leq Z \leq 2,99$	-	-	-
$Z \geq 3$	68,0363	87,2242	68,0363

Formula of Altman function: $Z = 1,2 r1 + 1,4 r2 + 3,3 r3 + 0,6 r4 + 0,99 r5$

Used variables:

r1 Circulating asset / total asset – rate structure of assets and measures the degree of flexibility of the business operator

r2 Reinvested profit / total asset – indicates the contribution of the of the business operator to finance investments

r3 Gross profit / total assets – quantifies the performance of the patrimonial assets

r4 The market value of the capital / long term obligations – quantifies a part of the degree of indebtedness

r5 turnover / total asset – expresses the assets' yield

Canon Holder Model

It is based on the following function: $Z = 16 \cdot R1 + 22 \cdot R2 - 87 \cdot R3 - 10 \cdot R4 + 24 \cdot R5$

No.	Indicator	U.M.	Values		Symbol
			on 31.12.2019	on 31.12.2020	
1	Debts	lei	8.254.741	5.973.272	Cr
2	Cash on hand	lei	16.374.813	6.002.594	Db
3	Short term debts	lei	15.576.940	23.638.568	Dts
4	Permanent capital	lei	223.066.638	196.878.611	Kperm
5	Total liabilities	lei	241.835.165	223.635.007	Pt
6	Financial expenses	lei	99.942	907.895	Chf
7	Total incomes	lei	94.249.431	54.549.456	Vt
8	Expenses with the personnel	lei	35.756.929	22.432.524	Chp
9	Added value	lei	60.274.616	32.406.510	VA
10	Gross surplus of operation	lei	21.919.611	7.412.196	EBE
11	R1	-	1,5812	0,5066	(Cr + Db) / Dts
12	R2	-	0,9224	0,8804	Kperm / Pt
13	R3	-	0,0011	0,0166	Chf / Vt
14	R4	-	0,5932	0,6922	Chp / VA
15	R5	-	0,3637	0,2287	EBE / VA
16	$Z = 16 \cdot R1 + 22 \cdot R2 - 87 \cdot R3 - 10 \cdot R4 + 24 \cdot R5$	-	48,2944	24,5930	Z

Status of the enterprise	interval Z	Score Z	bankruptcy probability
Unfavorable situation	$Z < 4$	negative	80%
		0 - 1,5	75 - 80 %
		1,5 - 4,0	70 - 75 %
Uncertain situation	$4 < Z < 9$	4,0 - 8,5	50 - 70 %
		8,5 - 9,0	35%
Favorable situation	$9 < Z < 16$	9,0 - 10,0	30%
		10,0 - 13,0	25%
		13,0 - 16,0	15%
Very good situation	$16 < Z < 25$	16 - 20	Under 15 %
		20 - 25	under 10%
		over	Not existing

1.1.9. Elements of perspective regarding the merchant company's activity

a) Presentation and analysis of trends, items, events or uncertainty factors that affect or could affect the company's liquidity compared with the same period of the previous year

The perspectives of the year 2021:

1) We think that in 2020 there is the possibility to realize incomes comparable to those from 2020 in conditions of growing the cost compared to the previous year's level, we estimate a realizable profit of 7.510.000 lei, for the following reasons:

- The positive impact of investments realized until the present in the quality and range of offered service
- upgrading the price of services offered by the company in relation to the relative growth of costs and the qualitative improvement of the offered services
- the efficient managing of costs through a functioning flexible schedule of hotel complexes with low occupancy rate during off season
- The launch of flexible programs with the facilities of accommodation, leisure activities and treatment
- - the diversification of selling policies considering a passing from treatment balneary tourism to a recreational balneary tourism

2) As a result of investment prioritization there will be concentrated the financing sources included in the development strategy, in order to improve the leisure activities and treatment ambient and conditions, aiming to provide superior quality of offered services

b) Presentations and analysis of the effects of capital expenses, current or anticipated on the merchant company's financial situation in comparison to the same period of the previous year.

The situation of changes of own capital in the year 2020 is as follows

Name of the element	Share capital	Other equity items	Revaluation reserves	Other reserves	Own shares	Retained earnings	Current income	Total
Balance on 01 st January 2020	49.614.946	0	75.756.428	60.638.979	0	20.951.649	14.071.379	221.033.381
Profit or loss	0	0	0	7.066.963	-1.978.887	7.011.110	-13.615.187	-1.516.002
- Retained earnings transfer			0			14.071.379	-14.071.379	0
-income of current financial year			0			0	462.885	462.885
- retained earnings distribution – other reserves				7.060.270		-7.060.270		0
- current earning distribution				6.693			-6.693	0
- repurchase of own shares					-1.978.887			-1.978.887
Other elements of the global income	0	-38.708.593	17.638.930	0	0	1.661.921	0	19.407.742
- surplus from re-evaluation			-1.661.921			1.661.921	0	0
- net tax revaluation reserves		-14.943.257	19.300.850					4.357.594
- net tax revaluation reserves - change in the fair value of tax-net financial investments	0	-23.765.336	0	0		0	0	-23.765.336
Transactions with owners	0	0	0	0	0	-5.011.109	0	-5.011.109
- granted dividends	0	0	0	0	0	-5.011.109	0	-5.011.109
Balance on 31 st December 2020	49.614.946	-38.708.593	93.395.358	67.705.942	-1.978.887	24.613.570	456.192	195.098.528

b) *Presentation and analysis of events, transactions of economic changes that affect significantly the incomes from the basic activity.*

Not the case.

2.2 TANGIBLE ASSETS OF THE MERCHANT COMPANY

Specification of the location and characteristics of the main production facilities owned by the merchant company

The main accommodation capacities, public food service and treatment of the company consist of: a complex of four stars (International) with a total capacity of 340 beds, 535 places for public food service, 600 pool seats, 400 places balneary treatment, 600 places by the pool and other facilities, 3 three stars hotel complexes (Termal ,Nufărul and Poienita) with a total capacity of 750 beds, 1.258 places for public food service, 700 places of balneary treatment and other facilities, three two stars hotel complexes (Mures, Somes and Unirea) with a total capacity of 1,286 beds, 1,000 places for public food service, 1,100 places of balneary treatment, 300 places by the pool and other facilities. In addition to these complexes the company operates three swimming pools (Apollo, Felix and Venus) the public food service complex Poiana, Dark Club with a capacity of 300 seats. In total the company has 2,376 beds, 2,892 places for public food service and five treatment facilities that can perform up to 8,300 operations per day, conference rooms with a capacity of 1,100 seats, recreation facilities: swimming pools and outdoor lidos, mini aqua park, clubs, sport fields, fitness rooms, wellness centers etc.

Hotel International **** is the first hotel in Romania to receive the logo EUROESPA-med, that proves the fulfilment of the European Spas Association (ESPA) standards, referring to the general infrastructure of therapies, hygiene and tourist's security.

Through the concession license for exploitation no. 646 / 08.04.2000 the National Agency for Mineral Resources leased to SC Turism Felix S.A. for a period of 20 years, extendable for successive periods of 5 years, all the thermo-mineral water resources of the resort resulted from drilled captures, other traders using this resource based on delivery contracts concluded with the company.

Description and analysis of the wear degree of the merchant company's properties

The level of the wear degree:

No.	SPECIFICATION	U.M.	Analysis period			Symbol
			2018	2019	2020	
1	Amortization related to tangible assets	lei	31.323.594	36.277.040	29.190.706	Amz
2	Tangible assets	lei	184.263.402	188.576.675	212.270.871	Mf
3	Average wear degree	%	16,99%	19,24%	13,75%	Gu=Amf/Mf

The medium average wear degree is due to revaluations done during the years, the registration technique of revaluations being through eliminating the cumulated amortization.

Across fixed assets, there is a relatively acceptable average degree of wear, the most used being those in the category "other technical installations and means of transport".

The accounting policy of the company for the re-evaluated tangible assets was the alternative accounting treatment, respectively the presentation in the financial situations of

the fixed assets at the re-evaluated value, less the cumulated amortization.

Specification of the possible problems related to the property right over the tangible assets of the merchant company

Not the case

3.MARKET OF SECURITIES ISSUED BY THE MERCHANT COMPANY

Specification of the markets in Romania and other countries on which are negotiated securities issued by the merchant company

From 1997 and during the year 2006, the company's shares have been registered and traded on the RASDAQ stock market, having the symbol "TUFE". The inventory of the shareholders is kept by the Central Depository (ex REGISCO) in conformity with the contract no.7778/01.03.2007. On the 19.02.2007, the company has been admitted to trading on regulated market administered by S.C. Bursa de Valori București S.A. Starting with 14 March 2007 the company is listed at B.V.B. Bucharest.

It is a publicly owned company, in conformity with the terminology provided in Law 297/2004 regarding the capital market, being registered at the National Securities Commission – Office for the inventory of securities in conformity with the registration certificate no. 2029/02.12.2002.

The company owns the LEI code 254900YRWU6MYZS4BB14 (the identification code of the legal entity) as a part of the alignment of the participants to the financial markets of measures packages adopted at European level.

3.1 Description of the merchant society's policy regarding dividends. Specification of due / paid / accumulated dividends in the last 3 years and if applicable, the reasons for the possible reduction of dividends during the last 3 years

The company registers at the end of 2020 net dividends due and unpaid in the amount of 563.266 lei for the years 2001-2003, 2012 - 2019. In the period 2004-2011, the issuer's policy has been to reinvest the obtained profit, the company needing capital resources to develop investments thus not distributing dividends.

According to the Decisions of G.A.S the company has maintained the dividends distribution program in correlation with the need of capital resources distributing the remaining net profit as an own financing source for sustaining the company's investing program.

Because providing capital resources on medium and long term represents a major coordinate of the issuer's strategy, he will maintain his dividend and profit reinvestment policy in the future.

The net profit realized in 2020 is worth 462.885 lei, and the distributed legal reserve is worth 6.693 lei.

The remaining difference to be distributed in the amount of 456.192 lei is proposed to be distributed to other sources of financing

3.2 Description of any of the merchant company's actions of purchasing its own shares

Through the Decision of the E.G.A.S no.1 from 18.11.2019 it has been approved to carry out a program to repurchase by the company its own shares, in accordance with the applicable legal provisions, under the following conditions:

I. The Dimensioning of the program- maximum 4.961.494 shares with a nominal value of 0,10lei/ share, representing 1,00% from the share capital;

II. The acquisition price of the shares: the minimum price will be equal to the market price of the shares of the company on the Bucharest Stock Exchange from the moment of the purchase, and the maximum price will be 0.40 lei / share;

III. Duration of the program: the maximum period of 9 months from the publication of the E.G.A.S decision in the Official Journal of Romania, part IV;

IV. Payment of repurchased shares - from available reserves (except legal reserves) written in the last approved annual financial statements;

V. The purpose of the program - to distribute the shares repurchased for free, to the managers, directors and employees of the company, in order to make their activity more efficient and loyal, within a program "Stock Option Plan".

Through the decision of the E.G.A.S no.3 from 03.10.2020 it was approved to change the destination of the redemption program approved in the EGAS of 18.11.2019, from "distribution of repurchased shares, free of charge, to administrators, directors and employees of the company, in order to streamline and retain their activity under a Stock Option Plan", in "Cancellation of the shares to be acquired by the company, followed by the corresponding reduction of the share capital".

At the reporting date, a number of 4.842.747 shares were repurchased in a total amount of 1.978.887 lei, and the procedure regarding their cancellation will be started.

3.3 In the case when the merchant company has subsidiaries, the specification of the number and value of the shares issued by the parent company held by the subsidiaries.

Not the case

3.4 In the case when the merchant company has issued bonds and/or other debentures, the presentation of the way in which the merchant society pays its bonds towards other holders of such securities

The company has not issued bonds or other debentures in 2020, and neither previous this year, so that it has no obligations towards other holders of such securities.

CAP. 4. THE MANAGEMENT OF THE MERCHANT SOCIETY

During 2020 the company has been administered by a Managing Board formed of three members appointed as based on an administration contract for the term 2016-2020, in conformity with the decision of the Ordinary General Assembly of Shareholders no. 2 from 30.12.2016. The executive management is assured by a general manager who carries out his duties based on the Contract of mandate signed with the Managing Board and a team of 4 managing directors.

4.1. Presentation of the company's list of managers:

At the end of 2020 the company was managed by the Managing Board formed of here appointed members based on an administration contract for the term 2016-2020, in conformity with the decision of the Ordinary General Assembly of Shareholders no. 2 from 30.12.2016, as it follows:

- ec. Moldovan Marius-Adrian – President
- dr. ec. Petria Nicolae – Vice - president
- dr. ec. Tudor Ciurezu – Member
- ec. Petrea Radu Cătălin – Member
- ing. Susan Mihaela – Member

(1) Moldovan Marius-Adrian *Chairman of the Managing Board of SC Turism Felix SA*

a) economist, 41 years old, general manager of SIF Transilvania SA, the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – *not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : – *not the case*

(2) Petria Nicolae, *Vice- president of the Managing Board of SC Turism Felix SA*

a) PhD in economics, 67 years old, vice-president of the Supervisory Board of SIF Transilvania SA, the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – *not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : – *not the case*

(3) Tudor Ciurezu, *member of the Managing Board of SC Turism Felix SA*

a) PhD in economics, 67 years old, general manager of SIF Oltenia SA, the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – *not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : – *not the case*

(3) Petrea Radu Cătălin, *member of the Managing Board of SC Turism Felix SA*

a) economist, 46 years old, deputy general manager at Railway Commercial Bank, the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – *not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : – *not the case*

(3) Susan Mihaela, *member of the Managing Board of SC Turism Felix SA*

a) engineer, 52 years old, Head of Corporate Governance at S.I.F. Transilvania S.A., the term for which the person is part of the board of directors: - duration determined according to the management contract until 02.10.2022.

b) *any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: – not the case*

c) the participation of the administrator at the merchant company's share capital: *0 shares;*

d) the list of persons affiliated to the merchant company: : *– not the case*

4.2. Presentation of the company's list of the remembers of the executive management

The organization, leadership and management of the present activity is realized by the team of executive directors under the leadership and responsibility of the General Manager, carrying out the Managing Board's decisions in order to accomplish the objectives established through the Budget of Incomes and Expenses approved by the General Assembly of Shareholders. The company's executive leadership has been assured by a managerial team, team that during 2020 had the following composition:

- ec. Florian Serac - General manager,
- ec. Popa Marcel – Chief Accountant,
- ec. Hepeş Rodica Melania – Sales Manager,
- dr. Farcaş Daniela Cristina - Medical Director.

The participation of the executive leadership at the company's share capital, according to the Registry of shareholders released by S.C. Depozitarul Central S.A. on the 31.12.2020 shows the following:

- **Serac Florian**

a) the term for which the person is part from the executive leadership: – duration determined according to the management contract until *04.04.2023*.

b) *any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: - not the case*

c) the participation of the respective person at the merchant company's capital: *2.562.224 shares; 0,516 %.*

- **Popa Marcel**

a) the term for which the person is part from the executive leadership: – *indefinite term*

b) *any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: - not the case*

c) the participation of the respective person at the merchant company's capital : *0 shares; 0,00 % – not the case;*

- **Hepeş Rodica Melania**

a) the term for which the person is part from the executive leadership: – *indefinite term*

b) *any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: - not the case*

c) the participation of the respective person at the merchant company's capital : 177.718 shares; 0,035 %.

- **Farcaş Daniela Cristina**

a) the term for which the person is part from the executive leadership: – *indefinite term*

b) any settlement, agreement of family connection between the respective administrator and another person due to whom the respective person was appointed administrator: - *not the case*

c) the participation of the respective person at the merchant company's capital : 0 shares; 0,00 % – *not the case*;

4.3. *PFor all persons presented in 4.1. and 4.2. specifications of any litigation or administrative proceedings that they were involved in the last 5 years related to their activity within the issuer, as well as those concerning the ability of that person to perform his duties within the issuer:*

We mention that the society does not have knowledge that the presented persons have been involved in litigation or administrative procedures in the last 5 years or to have had restrictions regarding the occupation of leading functions within the company.

CAP.5. THE FINANCIAL-ACCOUNTING STATEMENT

The presentation of the current economical-financial analysis in comparison with the last 3 years, by referring at least at:

- a) *balance sheet items, assets that represent at least 10% from total assets; cash and other liquid assets; reinvested profits; total current assets; Total current liabilities;*

STATUS OF THE FINANCIAL POSITION

Note: presentation IFSR year 2019 withdrawn

	31.dec.19	31.dec.19R	31.dec.20
<i>- lei</i>			
Assets			
Non-current assets			
Tangible assets	172.407.746	172.407.746	196.109.673
Intangible assets	545.265	545.265	411.578
Property investments	315.741	315.741	348.490
Financial assets	39.820.673	14.641.330	11.528.606
Total non-current assets	213.089.424	187.910.081	208.398.347
Currents assets			
Stocks	1.366.773	1.366.773	1.472.276
Commercial receivables	3.430.734	3.430.734	3.563.529
Other receivables	4.965.721	4.965.721	2.578.743
Receivables with current profit tax	68.082	68.082	76.967
Short term investments	2.607.701	2.607.701	1.542.551
Cash and equivalent in cash	16.374.813	16.374.813	6.002.594
Total current assets	28.813.823	28.813.823	15.236.660
Total assets	241.903.247	216.723.904	223.635.007

Ownership equities and liabilities**Ownership equities**

Share capital	49.614.946	49.614.946	49.614.946
Other elements of ownership equities	0	-33.271.676	-38.708.593
Retained earnings	20.951.649	20.951.649	24.613.570
Reserves	136.395.407	136.395.407	161.101.300
Own shares	0	0	-1.978.887
Current earnings	14.211.525	14.211.525	462.885
Distribution of profit	-140.146	-140.146	-6.693
Total ownership equities	221.033.381	187.761.705	195.098.528

Non-current payables

Deferred income tax liabilities	0	8.092.334	10.416.527
Long term loans	759.308	759.308	390.677
Other long and medium term loans	1.273.948	1.273.948	1.389.407
Total non-current payables	2.033.256	10.125.590	12.196.610

Current payables

<i>Commercial payables</i>	10.258.810	10.258.810	5.671.197
Short term loans	0	0	2.688.135
<i>Current taxes</i>	1.442.666	1.442.666	1.463.923
<i>Debts with specific tax</i>	174.194	174.194	6.114
<i>Other debts</i>	6.960.939	6.960.939	6.510.500
Total current payables	18.836.609	18.836.609	16.339.869
Total payables	20.869.865	28.962.199	28.536.479
Total liabilities	241.903.247	216.723.904	223.635.007

The individual financial statements are presented in accordance with the requirements of IAS 1 - "Presentation of Financial Statements". The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of income and expenses by function in the statement of comprehensive income, considering that these presentation methods provide information that is credible and more relevant than the one which would have been presented based on other methods accepted by IAS 1.

For the financial year 2020, the individual annual financial statements were drafted according to the Order of the Minister of public finances no. 2844/2016 by applying the International Standards of Financial Reporting, with the subsequent amendments and additions.

As a result of the application of the provisions of ISFR 9 Financial Instruments, the company reclassified the financial assets measured at fair value through other elements of the overall result and as a result restated the items from the financial statements on 31.12.2019.

Changes in fair value are recognized in other comprehensive income until the investment is derecognised or impaired, when the cumulative gain or loss is reclassified from other comprehensive income to a deferred income statement for the period.

The company considers that the correct determination of fair value is an essential requirement for the presentation of useful information for investors and for the company's key personnel, in order to make appropriate decisions.

Annual accounting reporting on 31.12.2020 is in conformity with the reporting regulations regarding entities whose securities are admitted to transactions on a regulated market that applies the Accounting regulations that are in conformity with the International

standards of financial reporting, stipulated at point 1.1 from annex 3 at the Order of the Minister of public finances no. 58/2021, regarding the main aspects related to the drafting and submission of annual financial statements and the annual accounting reporting of business operators at the territorial offices of the Ministry of Public Finances.

The total assets at the date of reporting are worth 223.635.007 lei, from which non-current assets are worth 208.398.347 lei and current assets 15.236.660 lei.

The value of assets registered in the accounting statements on 31.12.2020, found in the patrimony, is reflected by the acquisition cost or according to re-evaluated values for tangible assets such as lands and constructions.

The category "Lands" is reflected at fair value according to the valuation performed on December 31, 2020.

The evaluation report of the tangible assets such as lands prepared by S.C. DARIAN DRS S.A. - member of ANEVAR, in 2020 aimed to estimate the market value of lands and took into account the recommendations of the International Standard for Application in Valuation 1 - EVA 1 "Valuation for financial reporting". The assessed value of the lands on 31.12.2020 was 80.257.512 lei. According to the approved land accounting policies, no depreciation is calculated.

The category "Constructions" was revalued on December 31, 2020 by the method of updating financial flows (income-based approach) by S.C. DARIAN DRS S.A. - ANEVAR member, and in the accounting records the fair value of fixed assets was recorded by eliminating the accumulated depreciation.

In the category "Constructions", the damping is linear, the damping times are established between 8-60 years. For the category "Lands" according to accounting policies damping is not calculated.

The tangible assets out of patrimony by sale, decommissioning or other ending ways, are reflected in the profit and loss account at the net book value. Their re-evaluation difference is considered integrally realized only upon sale or decommissioning and is transferred to the reported result, being subject to taxation.

The revaluation surplus is considered realized as damping and transfer to other reserves take place, being subject to taxation. The gross book value is recovered through the method of linear damping, in conformity with the legal norms in force, the growths along the year have been influenced by acquisitions and modernization on existing fixed assets.

During 2020, the book values regarding intangible and financial assets haven't been influenced by revaluation differences.

The tangible fixed assets inflows totaled 18.040.450 lei, of which 17.168.418 lei were transferred from investments in progress, respectively investment and modernization works put into operation in the amount of 872.032 lei. The value of investments in progress not received on 31.12.2020 is 5.422.541 lei. During 2020, there were fixed assets obtained from direct labour worth 32.982 lei.

The value of fixed assets outflows during 2020 was 1.015.192 lei, of which 995.605 lei were made on account of the scrapping procedure and 19.587 lei after selling. The value of land outflows during the year was 148.019 lei. There were not built adjustments for the depreciation of fixed assets.

The rate of tangible assets is of 94,27%, this was influenced by the continuation of finalization works and commissioning of the new investments, as well as by the continuation of modernization works. The high percentage of tangible assets in the total of assets is normal taking into consideration the specificity of the activity.

The value of the net intangible assets is of 196.109.673 lei, increasing with 13,74% in comparison to the previous year, with the mention that the fixed assets as constructions and investments were re-evaluated on 31.12.2020.

➤ Tangible assets at gross value year 2020:

- lei .

31 december 2020	Lands	Constructions	Technical installations and machines, equipment and furniture	Tangible assets in process	Advance payments tangible assets	TOTAL
Initial balance	68.895.342	85.261.347	34.019.644	14.634.681	5.789.170	208.600.183
Entries	11.510.188	23.665.264	2.090.771	7.956.278	2.166.287	47.388.787
Outputs	-148.017	-12.363.271	-1.008.885	-17.168.418	0	-30.688.591
Final balance	80.257.512	96.563.340	35.101.529	5.422.541	7.955.457	225.300.379

➤ The influence of damping and provisions over the gross value of tangible assets year 2020:

- lei .

31 December 2020	Lands	Constructions	Technical installations and machines, equipment and furniture	Tangible assets in process	Advance payments tangible assets	TOTAL	
Initial balance		0	7.716.090	28.476.347	0	0	36.192.438
Value adjustments representing damping and depreciation		0	4.641.778	1.714.210	0	0	6.355.987
Value adjustments related to fixed asset output		0	-12.357.868	-999.852	0	0	-13.357.719
Reserve transfers from re-evaluation		0	0				0
Final balance		0	0	29.190.706	0	0	29.190.706

Gross value of fixed ass. on 31 December 2020	80.257.512	96.563.340	5.910.823	5.422.541	7.955.457	196.109.673
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The structure of circulating assets:

- lei

CIRCULATING ASSETS	2019		2020	
Stocks	1.366.773	5%	1.472.276	10%
Receivables	8.464.517	30%	6.219.239	41%
Liquid assets and other similar	18.982.514	65%	7.545.145	49%
TOTAL CIRCULATING ASSETS	28.813.823	100%	15.236.660	100%

From the analysis of balance sheet items, there is a decrease in circular assets compared to previous year due to maintenance of stocks of materials with a value of 105.503 lei, an increase in trade receivables with 132.795 lei and significant decrease of liquid assets and cash equivalents.

Commercial receivables have increased compared to 2019, given the cashing speed of debits – clients is of 24 days.

The liquidities found in the company's accounts have decreased compared to 2019 as a result of the continuation of policies regarding supporting the activity in the economic conditions marked by the pandemic as well as by the investment development policy.

The realization of the proposed profit for 2020 and recording positive revaluation differences have led to the increase of ownership equities and has contributed implicitly in

assuring the company's development program's financing sources, in safety and stability conditions.

The subscribed capital in value of 49.614.945,60 lei has not suffered modifications during 2020.

Along the year it was constituted the legal reserve afferent to 2020 worth 6.693 lei, and the net unallocated profit afferent to 2019 worth 14.211.525 lei was allocated according to OGAS Decision no 1 from 03.04.2020 thus:

- the sum of 7.060.269,69 lei to other financing sources
- the sum of 2.000.000 lei undistributed
- the sum of 5.011.109,51 lei for dividends

Other similar debts on long term include the performance bond afferent to realized investment and modernization works, their value being of 1.389.407 lei, increased with 115.459 lei compared to the previous year.

The current debts are worth 16.339.869 lei compared to 18.836.609 lei registered the previous year, being influenced by the decrease of debts to fixed assets suppliers. .

The company does not register due debts, all obligations being paid on time. The commercial agreements have been honoured in due time.

During 2020 S.C. Turism Felix S.A. has run its financial and investment activity by mainly using its own financing sources. In 2020 a line of credit was taken up (overdraft) worth 4.500.000 lei in order to temporarily optimize cash flow. On 31.12.2020 from the line of credit 2.688.135 lei were used.

The annual inventory has taken place in conformity with the legal stipulations regarding the organization and development of the patrimony inventory, the results being exploited 100%, the noticed differences being admitted in the financial statements without having a significant impact.

- b) *the profit and loss account: net sales; gross incomes; elements of costs and expenses with a weight of at least 20% in net sales or gross incomes, risk provisions for various expenses; reference to any sale or shutdown of an operating segment performed in the last year or that are to be made in the next year; dividends declared and paid;*

THE SITUATION OF PROFIT OR LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT

Note: presentation IFSR year 2019 withdrawn

- lei

	31.12.2019	31.12.2019R	31.12.2020
Incomes from services	56.721.046	56.721.046	33.891.433
Incomes from sale of goods	36.364.046	36.364.046	19.934.026
Other incomes	380.397	380.397	530.150
	93.465.489	93.465.489	54.355.610
Operating expenses	56.858.308	56.858.308	37.813.028
The cost of sold goods	11.407.513	11.407.513	6.894.751
Other expenses	10.870.758	10.870.758	8.280.126
	79.136.579	79.136.579	52.987.906
Operating earnings	14.328.910	14.328.910	1.367.704
Financial incomes	783.942	783.942	193.846
Financial expenses	99.942	99.942	907.895
Profit before tax	15.012.910	15.012.910	653.655

Corporate tax	452.997	452.997	57.284
Expenses with deferred corporate tax	0	0	0
Expenses with specific tax	348.388	348.388	133.486
Gross profit afferent to the period	14.211.525	14.211.525	462.885
Other elements of the global earnings			
Increases / decreases in the revaluation of financial assets recognized at fair value through other elements of the global result	0	-21.150.648	-2.614.688
Increases / decreases of the reserve from the revaluation of tangible fixed assets, net of deferred tax	0	-12.121.028	-2.822.229
Total Other elements of the global earnings	0	-33.271.676	-5.436.917
Total global earnings afferent to the period	0	-19.060.152	-4.974.032
Earnings per share			
Earnings per basic share (expressed in lei per share)	0,0286	0,0286	0,0009

In 2020 the total incomes are 54.549.456 lei, 42,12 % (39.699.975 lei) lower than the incomes achieved in 2019 when they were worth 94.249.431 lei.

Compared to the income provided in B.V.C. in 2020 they are lower by 41,56% (38.785.544 lei) .

Operating incomes (representing 99% of total realized incomes) are 54.355.610 lei and is lower by 41,84 % (39.109.879 lei) compared to 2019.

Compared to the provisions B.V.C. for 2020 they are lower by 41,74% that is with 38.939.390 lei .

Operating incomes compared to the same period last year were influenced mostly by:

- decrease of incomes resulting from accommodation with 12.403.358 lei, from 32.203.335 lei to 19.799.977 lei
- decrease of incomes resulting from public food service with 16.430.020 lei, from 36.364.046 lei to 19.934.026 lei
- decrease of incomes from leisure activities with 4.310.253 lei, from 10.593.767 lei to 6.283.514 lei

The turnover has decreased with 42,18% (39.259.632 lei) compared to the previous year, from 93.085.092 lei to 53.825.460 lei, being influenced by:

- the decrease of the tourist-days with 45,67 %, respectively 172.664 tourist days, following the effect of the COVID pandemic
- travel and tourism restrictions imposed by the authorities
- unpredictable economic environment
- financial support provided by authorities to staff settled late

The financial incomes realized in 2020 are lower with 590.096 lei compared to the previous year. The financial incomes realized in 2020 are of 193.846 2 lei, and in the previous year were worth 783.942 lei. The decrease of the financial income results from the

transactions carried out by the company with short-term financial instruments and from the valuation of the shares at the end of the period .

Compared to the incomes provisioned by B.V.C in 2020 these are higher with 153.846 lei.

Total registered expenses in 2020 are 53.895.801 lei, lower by 31,98% (25.340.721 lei) compared to the expenses registered the previous year when they were 79.236.521 lei. The difference resulted from the decrease of operating expenses with 26.148.673 lei and the increase of financial expenses with 807.953 lei.

Compared to the provisions of B.V.C for 2020 the total expenses are lower by 36,09%, that is with 30.439.199 lei.

a. Operating expenses from 2020 compared to 2019, are lower by 33,04% respectively 26.148.673 lei, their evolution in the structure being thus presented:

- the expenses with the goods have decreases by 39,60% compared to the previous year (that is with 4.508.827 lei), from 11.386.211 lei in 2019 to 6.877.384 lei in 2020, in close correlation with the decrease of incomes from public food service (45,18%);

- Expenditure on raw materials, materials and consumables decreased by 29,33% compared to the previous year (that is with 987.463 lei), from 3.367.276 lei in 2019 to 2.379.813 lei in 2020;

- Expenditure on inventory items decreased by 88,61% compared to the previous year (ie by 2.035.115 lei), from 2.296.743 lei in 2019 to 261.627 lei in 2020

- The decrease of the utilities expenses by 26,62% compared to the previous year (ie with 2.372.266 lei), from 8.910.457 lei in 2019 to 6.538.191 lei in 2020 effect of operating restrictions imposed by the authorities;

- Third-party expenses are with 35,33 % lower compared to the previous year (aie with 1.956.983 lei), from 5.538.506 lei in 2019 to 3.581.523 lei in 2020;

- Decrease with 1,40 % compared to the previous year of the expenses with taxes and duties, from 2.598.076 lei in 2019 to 2.561.790 lei in 2020, respectively with 36.286 lei, due to the increase of the value of the tax on buildings effect of reception and giving in use of the investments made and the reduction of the pro rata expenses

- decrease by 34,78 % compared to the previous year of personnel expenses, from 37.237.946 lei in 2019 to 24.288.426 lei in 2020, respectively with 12.949.521 lei, as an effect of the adjustment of expenditure to subsidies granted by the authorities to staff employed

- The damping registered on 31.12.2020 fbring of 6.552.004 lei.

b. The registered financial expenses are higher than in the previous year, respectively an increase of 807.953 lei, from 99.942 lei in 2019 to 907.895 lei in 2020.

Compared to the stipulations of B.V.C. an over passing of 877.895 lei is registered, the earned value being 30.000 lei.

Compared to the gross earnings for 2019 of 15.012.910 lei, the company registers a negative difference of 14.359.255 lei, the gross realized earning in 2020 being 653.655 lei.

Compared with the gross earning provisioned in the B.V.C for 2020 of 9.000.000 lei, the society registers a gross earning of 653.655 lei, resulting a negative difference of 8.346.345 lei

The net earning realized in the financial year 2020 is of 462.885 lei, and the legal reserve assigned according to applicable regulations in force is of 6.693 lei, resulting a net profit of 456.192 lei that can be distributed.

c) cash flow: all changes in the level of cash within the basic activity, investments and financial activities, the level of cash at the beginning and end of the period;

As it results from the presented indicators, it can be concluded that the development and modernization program of the capacities that the company disposes of and which was sustained both from own sources and loans, have led to the increase of the value of liquidity indicators and solvency, exceeding the assuring level.

The statement of cash and cash flows is as follows:

	2019	2020
		- lei
Cash flow from the operational activity		
Net profit before tax and extraordinary elements	14.211.525	462.885
Operational profit before changes of working capital	18.971.668	7.251.129
Cash generated from operational activities	18.977.939	7.121.051
Cash-flow before extraordinary elements	14.369.453	2.022.402
Net cash resulted from operational activities	14.369.453	2.022.402
Cash-flow resulted from investment activities		
Net Cash-flow resulted from investment activities	-14.751.147	-15.198.214
Cash-flow resulted from financing activities		
Cash-flow resulted from financing activities	174.909	2.803.593
Net increase / (decrease) of cash	-206.785	-10.372.219
Cash and cash equivalent at the beginning of the period	16.581.598	16.374.813
Cash flow and cash equivalent at the end of the period	16.374.813	6.002.594

The main cash flow indicators are as follows:

No.	Indicator	U.M.	Anaysis period	
			2019	2020
1	The rate of current liquidity	-	1,84	0,93
2	The degree of indebtedness *	%	0	0
3	The degree of indebtedness **	%	0	1,15
4	The rotation speed of the clients' debits	days	22	24
5	The rotation speed of the fixed assets	-	0,37	0,26
6	The rate of fast liquidity	-	1,75	0,57
7	Permanent financing rate	-	1,04	1,14
8	Patrimonial solvency	-	14,35	8,93
9	The rate of the capacity to reimburse on term	-	1,2	0,19
10	Rate of economical return	-	6,76	0,28
11	Rate of financial return	-	6,43	0,20

The rate of current liquidity is over-unity and reflects the possibility of the current patrimony items to transform in a short time in liquidities, in order to pay current debts. The rate of current liquidity is of 0,93 exceeding the assuring level of 2,00.

The rate of fast liquidity is of 0,57 reflecting a high capacity to easily transform assets in liquidities in order to cover currents debts being under 1,00.

Patrimonial solvency is of 14,35 exceeding a lot the assuring level expressing to what degree the patrimony units can face payment obligations, indicating the report of own sources in the total assets.

The rate of the capacity to reimburse on term is of 0,19(years) and reflects the period in which the company can reimburse the debts taken up on along term.

Financial return (net profit/ownership equity) is of 0,20% and measures the capacity of own equities to release, after financing financial expenses, of the corporate tax and other obligations towards shareholders and salaried, a distributable income.

Net cash used for investment activities was 15.198.214 lei used both for further work of renovation and modernization of hotel units as well as for the acquisition of corporal assets. A high level of cash used for investment offers prospects for growth of cash generated by operating activities, given that the renovation projects undertaken, lead to higher occupancy levels and rates.

The rate of the global financial autonomy is of 89,76%, what reflects the extent to which the company disposes of permanent financial resources compared to the total resources conferring a high degree of safety and stability in financing.

The rotation of debts and current receivables are correspondingly offset between them and registers decreased values, respectively the duration to cash in from the clients is of 24 days and the payment duration of suppliers is of 19 days.

In what concerns the obligations to pay, the company does not have debts to pay, the owed sums fitting into the deadlines stipulated in the contracts. The company does not have on the 31.12.20120 debts owed compared to the consolidated budget.

Performance indicators:

Meeting performance indicators and objectives

a) Indicators:

indicator	Realization percentage
- Gross result (75%)	4,33%
- EBITDA margin (25%)	19,86%
- Degree of achievement of indicators	24,19%

b) Objectives:

objective	Realization percentage
- Turnover (50%)	29,55%
- Maintaining occupancy (50%)	52,83%
- Degree of achievement of objectives	82,38%

In the economic context of 2020, whose negative effects were also felt by the company in its activity field, the main accomplishments are:

- the realization of a gross profit of 653.655 lei
- the realization of an investing volume of 8.823.917 lei and of a reparation and maintenance program of 855.783 lei
- human resource intake
- profitability of reception structures
- maintaining the leading position on the on the balneary tourism market

The net profit realized in 2020 in the amount of 456.191.62 lei after the decrease of the legal reserve was distributed to other own sources of financing.

**President of the managing Board,
Moldovan Marius-Adrian**