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Otopeni-Romania
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NATIONAL COMPANY «AEROPORTURI BUCUREȘTI S.A.»

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR CONCLUDED ON
DECEMBER 31, 2019**

**Drawn up in accordance with OMFP no. 2844/2016 on the approval
of the Accounting regulations aligned to the
International Financial Reporting Standards (IFRS)**

COMPANIA NAȚIONALĂ AEROPORTURI BUCUREȘTI S.A.
FINANCIAL REPORTS

for the fiscal year concluded on December 31, 2019
(all the amounts are expressed in LEI, unless otherwise provided)

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STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	<u>Note</u>	31.12.2019	31.12.2018
ASSETS			
Tangible assets	4.1	4,215,150,611	4,120,390,942
Real estate investments	4.1	991,456	1,054,879
Intangible assets	4.2	62,078	210,916
Financial fixed assets	4.3	13,984,637	14,438,461
Total fixed assets		4,230,749,782	4,136,095,198
Stocks	5.1	18,618,049	19,122,436
Trade and other receivables	5.2	128,198,576	111,586,463
Cash and cash equivalents	5.3	368,334,694	300,372,426
Advance payments	5.4	696,908	1,315,034
Total current assets		515,848,227	432,396,359
TOTAL ASSETS		4,746,598,009	4,568,491,557
LIABILITIES			
Current liabilities			
Trade and other payables	6.1	74,446,826	47,445,255
Employee benefits	7.2	13,454,832	8,518,523
Advances collected	6.2	58,243,417	50,134,003
Provisions for litigations	7.1	63,096,609	38,572,622
Liabilities in relation to the current corporate income tax	6.3	13,522,310	13,190,671
Investment subsidies < 1 year	8.1	15,614,585	15,726,195
Total current liabilities		238,378,579	173,387,269
Long-term liabilities			
Employee benefits	7.2	33,424,248	29,349,212
Deferred corporate income tax	6.3	47,276,446	54,204,814
Investment subsidies > 1 year	8.1	182,953,250	198,151,295
Total long-term liabilities		263,653,944	281,705,321
TOTAL LIABILITIES		502,032,523	455,292,590

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STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	<u>Note</u>	31.12.2019	31.12.2018
SHAREHOLDERS' EQUITY			
Share capital, of which:	9.2	143,772,150	143,772,150
- subscribed share capital paid		143,772,150	143,772,150
Share capital adjustments	9.1	64,277,781	64,277,781
Other shareholders' equity elements	9.1	-76,738,949	-62,366,975
Revaluation reserves	9.3	325,323,842	252,689,897
Legal reserves	9.4	28,754,430	28,754,430
Other reserves	9.4	2,946,623,801	2,920,327,300
Balance carried forward (117)	9.5	382,963,716	320,656,251
Balance carried forward (118)	9.5	69,971,394	73,265,740
Fiscal year profit		359,617,321	371,822,193
Total shareholders' equity		4,244,565,486	4,113,198,967
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		4,746,598,009	4,568,491,557

Endorsed and signed on behalf of the Management Board on 11.06.2020 by

GENERAL MANAGER,
FLORIN DIMITRESCU
Signature: [illegible]
Stamp: [NATIONAL COMPANY
AEROPORTURI BUCUREȘTI]

CHIEF FINANCIAL OFFICER,
Signature: [illegible]

The attached notes from 1 to 13 are an integral part of these financial statements.

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COMPREHENSIVE INCOME STATEMENT AS AT DECEMBER 31, 2019

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Income from rendering airport and similar services	10.1	847,299,238	808,244,680
Income from sales of merchandises	10.1	1,761,759	2,026,327
Other income identified as turnover	10.1	192,074,219	162,661,734
Income related to costs with stocks of products (D)		-26,134	33,364
Other operating income	10.2	17,436,394	9,153,705
Expenses with raw materials, consumables and merchandise	11.1	(21,027,344)	(23,128,030)
Staff expenditure	11.2	(234,968,552)	(215,507,060)
Value adjustments related to assets		(139,694,369)	(93,916,339)
Other operating expenses	11.3	(260,343,712)	(204,256,720)
OPERATING PPROFIT		402,511,500	445,311,663
Financial income	10.3	10,121,441	7,959,308
Financial expenses	11.4	(1,550,668)	(13,504,520)
Profit before tax		411,082,273	439,766,451
Expenses with the current corporate income tax	6.3	(80,753,025)	(75,255,473)
Income from deferred corporate tax	6.3	29,288,074	7,311,414
Fiscal year profit		359,617,321	371,822,393
Revaluation surplus		121,071,262	113,8118,930
Actuarial losses from retirement benefits		-3,682,804	-
Total Comprehensive income		477,005,779	485,631,323

GENERAL MANAGER,
FLORIN DIMITRESCU
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COMPANIA NAȚIONALĂ AEROPORTURI BUCUREȘTI S.A.
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STATEMENT OF CHANGES IN OWN EQUITY AS AT DECEMBER 31, 2019

	Subscribed capital	Capital adjustments	Legal reserves	Other reserves	Revaluation reserves	Other equity components	Ordinary business income	Revaluation reserves income	Balance carried forward from the correction of accounting errors	Earnings from the first-time adoption of IAS/IFRS	Earnings from the first-time adoption of IAS 29	TOTAL
Dec-31-17	143,772,150	64,277,781	28,754,430	3,041,547,852	117,080,820	-31,761,842	290,685,038	103,111,040	-2,809,318	252,946,307	76,796,989	4,084,401,247
Current comprehensive income	-	-	-	-	-	-	371,822,393	-	-	-	-	371,822,393
Revaluation	-	-	-	-	146,747,045	-	-	-	-	-	-	146,747,045
Deferred tax on the comprehensive income	-	-	-	-	-	-32,938,115	-	-	-	-	-	-32,938,115
Earnings from error corrections	-	-	-	-	-	-	-	-	-868,039	-	-	-868,039
Total other comprehensive income elements	0	0	0	0	146,747,045	-32,938,115	371,822,393	0	-868,039	0	0	484,763,284
Revaluation surplus transfer	-	-	-	-	-11,137,968	2,332,981	-	12,336,235	-	-	-3,531,249	0
Appropriation of 2017 profit reserves (OMFP 1802/2014)	-	-	-	28,779,448	-	-	15,280,526	-	2,809,318	-46,869,292	-	0
Dividends	-	-	-	-150,000,000	-	-	-305,965,563	-	-	-	-	-455,965,563
Balance as at December 31, 2018	143,772,150	64,277,781	28,754,430	2,920,327,300	252,689,897	-62,366,975	371,822,393	115,447,275	-868,039	206,077,015	73,265,740	4,113,198,968
Current comprehensive income	-	-	-	-	-	-	359,617,321	-	-	-	-	359,617,321
Revaluation	-	-	-	67,196,337	144,132,455	-	-	-	-	-	-	211,321,792
Actuarial gains (loss) as per IAS 29	-	-	-	-	-	-4,384,291	-	-	-	-	-	-4,384,291
Deferred tax on the comprehensive income	-	-	-	-	-	-22,359,706	-	-	-	-	-	-22,359,706
Earnings from error corrections	-	-	-	-	-	-	-	-	-981,407	-	-	-981,407
Total other comprehensive income elements	0	0	0	67,196,337	144,132,455	-26,743,997	359,617,321	0	-981,407	0	0	543,220,709
Revaluation surplus transfer	-	-	-	-	-71,498,510	12,372,023	-	62,420,833	-	-	-3,294,346	0
Appropriation of 2019 profit reserves	-	-	-	30,880,363	-	-	-31,748,402	-	868,039	-	-	0
Dividends	-	-	-	-71,780,199	-	-	-340,073,992	-	-	-	-	-411,854,191
Balance as at December 31, 2019	143,772,150	64,277,781	28,754,430	2,946,623,301	325,323,842	-76,738,949	359,617,321	177,868,108	-981,407	206,077,015	69,971,394	4,244,565,486

GENERAL MANAGER,
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CHIEF FINANCIAL OFFICER,
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COMPANIA NAȚIONALĂ AEROPORTURI BUCUREȘTI S.A.
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STATEMENT OF CASH FLOWS FOR 2019

(THE DIRECT METHOD)

Indicators	2019	2018
I. Cash flows from operating activities		
Cash receipts from sales of goods and provisions of services	1,006,999,647	942,089,109
Cash receipts from royalties, fees, commissions and other earnings	105,622,744	87,965,758
Interest collected	4,028,541	2,096,745
Cash payments to providers of goods and services	-263,450,128	-238,485,456
Cash payments to and on behalf of employees	-211,567,400	-203,097,385
Other cash payments	-55,027,072	-51,287,376
Interest paid	0	0
Corporate income tax paid	-78,143,877	-73,790,830
Net cash flows from operating activities	508,462,456	465,490,565
II. Cash flows from investment activities		
Cash payments to purchase lands and fixed assets, intangible assets and other long-term assets	-35,186,723	-19,967,900
Dividends collected	6,562,454	5,378,968
Net cash flows from investment activities	-28,624,270	-14,588,932
III. Cash flows from financing activities		
Cash reimbursements of loaned amounts		
Dividends paid	-411,854,190	-455,965,563
Net cash flows from financing activities	-411,854,190	-455,965,563
Cash flows - Total	67,983,996	-5,063,929
Cash at the start of the fiscal year	300,420,170	305,484,099
Cash at the end of the fiscal year	368,404,166	300,420,170

GENERAL MANAGER,
FLORIN DIMITRESCU
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CHIEF FINANCIAL OFFICER,
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COMPANIA NAȚIONALĂ AEROPORTURI BUCUREȘTI S.A.
EXPLANATORY NOTES TO THE FINANCIAL REPORTS

for the fiscal year concluded on December 31, 2019
(all the amounts are expressed in LEI, unless otherwise provided)

Explanatory note no. 1 - Information about the company

1.1. General information

National Company Aeroporturi București S.A. (CNAB SA or the Company) was created by means of a merger between National Company “Aeroportul Internațional Henri Coanda – București” S.A. (CN AIHCB SA) and National Company “Aeroportul Internațional București Băneasa – Aurel Vlaicu” S.A. (SN AIBB SA), pursuant to GD no. 1208 from 07.10.2009, published in Official Gazette no. 718/23.10.2009.

National Company Aeroporturi București S.A. is headquartered in Otopeni, at 224E Calea Bucureștilor str., Ilfov County, whereas its core business is - Service activities incidental to air transportation - code 5223.

Registration number with the Trade Registration Office is: J23/401/05.02.2010

TIN: 26490194/08.012010

The shares of National Company Aeroporturi București S.A. are not traded.

CNAB SA is a joint-stock majority state-owned trading company, organised and operating based on economic management, having the following shareholding structure:

- 80% - the Romanian state, by means of the Ministry of Transportation
- 20% - Fondul Proprietatea

The Company's share capital is 143,772,150 lei, divided among 14,377,215 shares with a nominal value of 10 lei, 80% of which are owned by the Romanian state and 20% by Fondul Proprietatea.

It was established by taking over the assets of CN AIHCB SA, amounting to 143,212,450 lei and those of SN AIBB SA, amounting to 559,700 lei, according to the data in the closing balance sheets of the two companies as at 04.02.2010.

1.2. Organisation and operation of the company

The Company operates based on economic management and in accordance with its articles of incorporation, which are an integral part of GD 1208/2009. The funding sources are secured by means of own revenues, amounts allotted from the state budget, bank loans, foreign loans contracted or guaranteed by the state, non-reimbursable external funding, granted in compliance with the law, as well as legal equity interests and holdings and other legally established sources, all of them secured in accordance with the legislation in force concerning public debt and in line with the community regulations on state aid.

The organisation and operation of the Company are compliant with the regulations provided by Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, as subsequently amended and supplemented, and, wherever it does not apply, with the provisions of Companies Law no. 31/1990, republished, as subsequently amended and supplemented, and the provisions of Law no. 287/2009 on the Civil Code, republished, as subsequently amended and supplemented.

The Company is managed by the shareholders' general assembly. Its duties and competences are set forth in its memorandum of association, according to the law.

The state capital interests within the shareholders' general assembly are represented by representatives mandated by the Ministry of Transportation, by way of an order of the Minister of Transportation, one of these representatives being appointed on a proposal from the Ministry of Public Finance.

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As such, as at the approval date of the present financial statements, the representatives of the shareholders within the SGA are:

1. Voicu Ion Laurențiu – representative of the Ministry of Transportation, Infrastructure and Communications
2. Mărculeț Petru – representative of the Ministry of Transportation, Infrastructure and Communications
3. Meteș Călin – representative of Fondul Proprietatea

The Company is managed, as at the drawing-up and approval date of the present financial statements, by the Management Board, the members of which are appointed by the shareholders' general assembly. The Management Board members and president are appointed pursuant to an order of the Minister of Transportation.

1. Plăiașu Gabriel – vice president
2. Mihălțan Cosmin Florin
3. Corvin Nedelcu
4. Peșteșan Cosmin Cătălin
5. Raicu Mircea Cristian
6. Florescu Adrian Constantin
7. Niculiță Cătălin

The top management of National Company Aeroporturi București S.A., as at the approval date of the present financial statements, is ensured by:

1. Florin Dimitrescu – General Manager
2. Cosmin-Marcel Ursu – Deputy General Manager – Airport Security Directorate
3. Tănase Viorel – Director – Airport Operation Directorate
4. Nicolae Octavian Stoica – Director – AIHCB Airfield Operations Directorate
5. Bogdan Ion Mitruț – Director – AIBB-AV Airfield Operations Directorate
6. Bulgaru Gabriel – Director – Technical Directorate
7. Bogdan Lițoi – Director – Airport Facilities Management Directorate
8. Chief Financial Officer – Financial Directorate
9. Cristian Alexe – Director – Airport Safety Directorate
10. Tănăsioiu Sorina Mihaela – Director – Foreign Relations and Protocol Directorate
11. Director – IT Directorate
12. Director – Directorate for Coordination of Airport Security Operations
13. Director – Director – Project Implementation Department

In accordance with the provisions of art. 47 in *Emergency ordinance no. 109/2011 on the corporate governance of public enterprises*, as subsequently amended and supplemented, the Company purchased, via a simplified online procedure, financial audit services for the 2019, 2020 and 2021 fiscal years. The procurement contract was concluded with BDO AUDIT SRL, for the amount of 165,000 lei, as also mentioned in awarding notice no. SCNA1029516 / 16.12.2019, published in SEAP (Electronic System for Public Procurement). The fee for auditing the 2019 financial statements of CN AB SA, for the statutory audit and for auditing the financial statements as per IFRS, as at 31.12.2019, is 55,000 lei.

COMPANIA NAȚIONALĂ AEROPORTURI BUCUREȘTI S.A.
EXPLANATORY NOTES TO THE FINANCIAL REPORTS

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1.3. Structure of the salary fund and the staff collective

Category	Average staff number		Executed salary fund		Absolute differences	Degree of execution in 2020 as compared to 2019 (%)	Gross average salary lei/person		Absolute differences
	2018	2019	2018	2019			2018	2019	
1. Employees – total number, of which:	1,447	1,432	169,831,350	183,760,119	13,928,769	109	9,781	10,694	913
Management personnel	10	12	2,608,966	450,912	841,946	133	21,741	23,965	2,224
Operating personnel	1,437	1,420	167,222,384	180,309,207	13,086,823	108	9,697	10,582	885
2. General Manager	1	1	390,096	429,280	39,184	110	32,508	35,773	3,265
3. Management Board and SGA	7	7	647,271	936,089	288,818	145	7,706	11,144	3,438
4. Salaries based on holdings									
5. Food vouchers and holiday vouchers	X	X	6,279,090	7,164,686	885,596	X	X	X	X
6. Profit premiums	X	X	5,216,730	6,905,636	1,688,906	X	X	X	X
7. Benefits in kind for employees			20,627,860	24,212,486	3,584,626	X	X	X	X

COMPANIA NAȚIONALĂ AEROPORTURI BUCUREȘTI S.A.
EXPLANATORY NOTES TO THE FINANCIAL REPORTS

for the fiscal year concluded on December 31, 2019
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Explanatory note no. 2 – The company’s operational framework in Romania

The continuation of economic reforms by the Romanian authorities represents a necessity towards strengthening the domestic macrofinancial framework. This will outline the prerequisites for an adequate management of any possible unfavourable developments that might occur if significant risk aversion were to make a comeback across international financial markets. The positive performance achieved by the Romanian economy must be strengthened by implementing a consistent mix of policies.

In this context, it can be seen that:

✓ **The Romanian economy experienced in 2019 a 4.1% growth when compared to 2018, according to the data published by the National Institute of Statistics (NIS).**

✓ In early 2019, the National Commission for Strategy and Prognosis estimated a 5.5% economic growth for the year end, which they later on adjusted to 4.0%.

✓ In April 2019, IMF were estimating that Romania would achieve a 3.1% economic growth, a forecast to which they made an upward adjustment up to 4%.

✓ At the EU level, this is the seventh consecutive year featuring upward economic trends and, according to forecasts, economic growth is set to continue over the following two years, as well. The labour markets remain strong, whereas unemployment figures continue to decrease.

✓ The external environment has, however, become much less favourable and uncertainty is running high, affecting the manufacturing industry in particular, which is also undergoing structural changes. Consequently, the European economy appears to have set on an extended path of rather modest growth and very low inflation.

✓ It is expected that the Euro area gross domestic product (GDP) will grow by 1.1% in 2019 and by 1.2% in 2020 and 2021. Compared with the economic forecasts from the summer of 2019 (published in July), the growth forecasts dropped by 0.1 basis points for 2019 (from 1.2%) and by 0.2 basis points for 2020 (from 1.4 %).

✓ The average exchange rate for 2019 was 4.7452 lei/Euro and 4.2379 lei/USD, respectively, whereas in 2018 it was 4.6535 lei/Euro and 3.9416 lei/USD, respectively. As opposed to 2018, the Leu showed an upward trend by 1.97% in relation to the EURO and by +7.52% in relation to the USD.

✓ Romania’s future economic direction depends, to a large extent, on the effectiveness of the economic, financial and monetary measures taken by the Government, as well as on the fiscal, legal, regulatory and political developments. The beginning of 2020 is marked by the unrest displayed across the financial markets against the backdrop of the spreading Coronavirus pandemic, with incoming significant outcomes upon the world economy as a result of measures taken in order to contain the medical crisis. For the Romanians, the effects of a crisis economy-wise can be most visibly felt as a depreciation of the domestic currency in relation to the Euro, a development promptly reflected into bank loan rates, higher telephony or other utility bills, as well as into the purchasing power when it comes to goods such as real estate (apartments, rents, etc.) or passenger cars. The field of transportations is considerably impaired as a result of the Coronavirus epidemic, which has spread worldwide at an alarming rate over the past weeks. The restriction measures imposed by the authorities have led to a dramatic decrease in the number of flights, which has impacted revenues. The leadership are unable to estimate the economic environment developments that could have an impact on the Company’s operations or the impact upon the Company’s balance sheet statement.

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Explanatory note no. 3 – Significant accounting policies

When mirroring in the accounting records the economic operations carried out, attention is paid to their economic content, with the observance of the accounting principles, fundamentals, rules and policies allowed by IFRS, as well as the related legislation. The provisions comprised in this chapter do not constitute a legal basis for conducting economic and financial operations, but strictly references as to how they should be entered into the accounting records.

3.1. Fundamentals for drawing up financial statements

The individual financial statements were drawn up by applying the International Financial Reporting Standards (IFRS), adopted according to the procedure stipulated by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of International Accounting Standards, which regulates the manner of implementing these standards and makes it possible for member states to allow or impose, to companies different from those whose securities are admitted to trading on a regulated market, as well, to draw up their annual (individual and/or consolidated) financial statements in accordance with IFRS.

The annual individual financial statements are drawn up pursuant to the requirements of OMFP no. 66612015 and of OMFP no. 2844/2016 on the approval of the Accounting regulations aligned to the International Financial Reporting Standards (IFRS).

In order to draw up the annual individual financial statements pursuant to IFRS, the Company proceeded to take stock of the elements identified as assets, liabilities and shareholders' equity in accordance with OMFP no. 2861/2009 and to evaluate them as per the provisions comprised in IFRS.

The leadership evaluated the Company's capacity to continue conducting its business in the foreseeable future and concluded that the business continuity assumption is adequate in drawing up the financial statements based on this principle.

With the exception of information concerning cash flows, the financial statements are drawn up using accrual-based accounting. According to the accrual-based accounting, an entity will acknowledge items in the financial statements as assets, liabilities, own equity, income and expenditure when they comply with the definitions and acknowledgment criteria in the General conceptual framework for financial reporting.

3.2. New accounting regulations

Standards and interpretations that came into force in 2017

The following standards and amendments to the existing standards, issued by the International Accounting Standard Board – "IASB" and adopted by the European Union (EU), came into force in 2017:

Amendments to IAS 12 "Income Taxes" –

The acknowledgement of assets under deferred tax on unrealised losses (applicable to annual periods commencing on or after January 1, 2017);

The amendments to the Acknowledgement of deferred taxes on unrealised assets clarify the following aspects:

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- Unrealised losses from debt instruments measured at fair value and at cost for fiscal purposes will generate a deductible temporal difference whether or not the debt instrument owner expects to recover the book value of that debt instrument by way of sale or use.
 - The book value of an asset shall not limit the estimation of future taxable profits;
 - Estimates on future taxable profits exclude tax deductions resulted from the cancellation of temporal taxable differences.

Amendments are applicable to the period commencing in or after 2017. Application from an earlier date is allowed;

Amendments to IAS 7 “Statement of Cash Flows” – Disclosure Initiative (applicable to annual periods beginning on or after January 1, 2017);

b) Standards and interpretations that came into force in 2018

As at the reporting date of these financial statements, the following standards, revisions and interpretations had come into force:

- IFRS 9 “Financial Instruments” – adopted by the EU on November 22, 2016 (applicable to annual periods beginning on or after January 1, 2018); it replaces IAS 39 – Financial Instruments: Recognition and Measurement;

IFRS 9 includes requirements that specific to financial instruments, concerning recognition, classification and valuation, impairment losses, derecognition and general hedge accounting:

- Classification and valuation: IFRS 9 introduces a new approach for classifying financial assets and comprises three main categories of financial assets: measured at amortised cost, at fair value by means of other comprehensive income elements, at fair value under the profit or loss account. The classification according to IFRS 9 is determined by the characteristics of cash flows and the business model under which an asset is held. This principle-based consistent approach eliminates the classification categories of financial assets in IAS 39: held until maturity, loans and advances and financial assets available for sale. The new model will also determine the existence of a single depreciation model applicable to all financial instruments.

According to IFRS 9, derivatives embedded in contracts where the host instrument is a financial instrument for the purposes of this standard do not stand separates, the entire hybrid instrument being considered for classification.

- Impairment losses: IFRS 9 introduces a new model for predicting impairment losses, based on expected losses, which will impose the early acknowledgement of losses from the impairment of receivables. The standard stipulates that entities record anticipated losses from impairments receivables as early as the initial acknowledgement of the financial instruments, as well as acknowledge the anticipated impairment losses throughout their operating life. The value of anticipated losses shall be updated for each reporting period so that it should reflect the credit risk changes compared with the initial acknowledgement.

- Impairment: it applies to trade receivables which do not include a financing component and is calculated as amortised cost (provided that the assets are held as part of a business model the goal of which is to collect cash flows);

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• Hedge accounting: IFRS 9 introduces a significantly improved hedge accounting model, which comprises additional requirements on the disclosure of information regarding the risk management activity. The new model represents a major revision of the hedge accounting principles, which allows aligning the accounting treatment to the risk management activities.

IFRS 15 “Revenue from Contracts with Customers”, as subsequently amended, and the amendments to IFRS 15 “Effective date of IFRS 15”, adopted by the EU on September 22, 2016 (applicable to annual periods beginning on or after January 1, 2018);

IFRS 15 sets forth for entities a unique model used to account for revenues from contracts with customers, replacing the following standards and interpretations as of its entry-into-force date:

- IAS 18 – Revenue;
- IAS 11 – Construction Contracts;
- IFRIC 13 – Customer Loyalty Programmes;
- IFRIC 15 – Agreements for the Construction of Real Estate;
- IFRIC 18 – Transfers of Assets from Customers;

The fundamental principle of IFRS 15 is for an entity to acknowledge revenues in order to illustrate the transfer of goods or services promised to its customers at a value that reflects the consideration the entity expects to receive in exchange of those goods or services. An entity will acknowledge revenues in accordance with this fundamental principle by taking the following steps: identify the contract; identify the contractual obligations to perform; determine the transaction price; allocate the transaction price for the obligations to perform in the contract; acknowledge revenues when (or as) it fulfils an obligation to perform.

Amendments to IAS 40 “Investment Property” – Investment property transfers (applicable to annual periods beginning on or after January 1, 2018);

IFRIC 22 “Foreign Currency Transactions and Advance Consideration” (applicable to annual periods beginning on or after January 1, 2018); the interpretation concerns determining the transaction date in order to set forth the exchange rate to be used for the initial acknowledgement of an asset, an expenditure or a revenue (or a part thereof), in the derecognition of a non-monetary assets or a non-monetary liability generated by an advance payment in a foreign currency. IFRIC 22 does not provide indications on defining monetary and non-monetary elements. In general, an advance payment or collection leads to the acknowledgement of a non-monetary asset/liability, but cannot equally lead to the acknowledgement of a monetary asset/liability.

Standards and interpretations set to come into force in / applicable as of 2019 or at a later date

As of the reporting date of these financial statements, the following standards and interpretations do not apply and are set to come into force as of or after January 1, 2019:

- **IFRS 16 “Leasing”** (applicable to annual periods beginning on or after January 1, 2019); as of its entry-into-force date, IFRS 16 will replace the following standards and interpretations;
 - IAS 17 – Leasing;
 - IFRIC 4 – Determining Whether an Arrangement Contains a Lease;
 - SIC 15 – Operating Leases – Incentives;

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- SIC 27 – Evaluating the Substance of Transactions in the Legal Form of a Lease.

IFRS 16 provides a control model to identify leasing (leases), setting forth principles for the acknowledgement, assessment and disclosure of lease contracts, namely the right to control the use of an identified asset over a certain period of time in exchange for a charge. The right to control the use of the identified asset exists if the customer is entitled, to a large extent, to all the economic benefits, as well as the right to set forth the manner in which, and the purpose for which, the respective asset is used. IFRS 16 introduces significant changes in the accounting of leases, particularly by eliminating the distinction between financial and operational leasing and stipulates that the lessee acknowledge an asset related to the right to use and a liability pertaining to the lease, on the starting date of the contract, except for short-term leases or leases on low-value assets.

- Amendments to IFRS 2 “Share-based Payment” – Classification and valuation of share-based payment transactions (applicable to annual periods beginning on or after January 1, 2018);
- Amendments to IFRS 4 “Insurance contracts” – the application of IFRS 9 *Financial instruments*, together with that of IFRS 4 *Insurance contracts* (applicable to annual periods beginning on or after January 1, 2018 or on the first adoption of IFRS 9 “Financial instruments”);
- Amendments to IFRS 10 “Consolidated Financial Statements” and to IAS 28 “Investments in Associates and Joint Ventures” – the sale of, or the contribution with, assets between an investor and their associated entities or joint ventures, as subsequently amended (the entry-into-force date has been postponed indefinitely, until the research project on the equity method is finalised);
- IFRIC 23 “Uncertainty over Income Tax Treatments” was elaborated as an interpretation in relation to IAS 12 *Income taxes* in order to specify the manner of presenting the uncertainty in terms of accounting for corporate income taxes.

The IFRS Interpretations Committee elaborated IFRIC 23 in order to address possible ambiguities pertaining to the way in which the fiscal legislation applies to a particular transaction or circumstance or to the extent to which a fiscal authority will accept the fiscal treatment employed by a company. IAS 12 *Income taxes* mentions how current and deferred taxes should be accounted for, but makes no mention of how the effects uncertainty should be reflected.

An entity applies the present interpretation for the annual reporting periods beginning on January 1, 2019 or after this date. The application of this date is allowed. The phrase “tax regime” designates a fiscal treatment in relation to which there is an uncertainty concerning the fact that the competent fiscal authority will accept it pursuant to the fiscal legislation.

3.3. Bases for assessment

The financial statements are drawn up based on historical costs and amended so as to include the revaluation of certain tangible assets, and adjusted according to International Accounting Standard 29 “Financial Reporting in Hyperinflationary Economies” up to December 31, 2003. Beyond this date, Romania’s economy is no longer considered hyperinflationary, as the company stopped applying IAS 29 as of January 1, 2004.

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3.4. Functional and presentation currency

The financial statements are presented in LEI, this being the functional currency. All the financial information is presented in LEI, rounded up to the nearest unit, unless otherwise provided.

3.5. Use of estimates and professional judgements

Drawing up the financial statements in accordance with IFRS required the leadership to use professional judgements, estimates and assumptions that influence the application of accounting policies and the reported value of assets, liabilities, income and expenditure. The estimates are made based on the most credible information available when the financial statements were drawn up, however, the actual results may differ from the estimates. The estimates and assumptions that underpin these results shall be regularly reviewed. The reviews of accounting estimates shall be acknowledged in the period when estimates are reviewed and in future affected periods.

The accounting policies were consistently applied to all the periods presented in the financial statements drawn up in accordance with IFRS.

3.6. Business continuity

The financial statements are drawn up based on the business continuity principle, which entails that the company will continue to conduct business in a normal manner in the foreseeable future, as well. Relying on the analysis of cash flow forecasts for the year 2020, the company leadership believe that the application of the business continuity principle in drawing up the financial statements is justified.

3.7. Foreign currencies

For the transactions in foreign currencies, the conversion into the functional currency is done by using the NBR exchange rate on the transaction date. The exchange rate differences are emphasized at the end of each month in the profit and loss account. The balances in foreign currencies are converted into lei based on the NBR exchange rates on the balance sheet date.

The earnings and losses resulted from converting transactions into a foreign currency and from converting assets and liabilities expressed in a foreign currency are acknowledged in the financial statements in the profit and loss account, within the financial outturn.

3.8. Accrual-based accounting

The company draws up its financial statements using accrual-based accounting, except for information concerning cash flows.

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3.9. Materiality threshold and aggregation

The company presents separately each significant class of similar elements. When drawing up the financial statements, attention was paid to separating elements different in nature or with different functions, except for the case where they were insignificant. The financial statements result from the processing of a large volume of transactions or other events which are aggregated into groups, based on their nature or their function. The final stage of the aggregation and classification process is to present simplified and classified data that form row elements within financial statements.

3.10. Offsetting

The company does not offset assets and liabilities or income and expenditure, except for the case where offsetting is provided or allowed by IFRS. The company distinctly reports on both its assets and liabilities and its income and expenditure. Offsetting in the case of the comprehensive income or the financial position, except for the case where offsetting reflects the economic background of the transaction or a different event, diminishes the users' capacity to both understand the transactions, other events and conditions that have occurred, as well as evaluate the company's future cash flows. The evaluation of assets after deducting the value of the related impairment provisions does not constitute an offset.

3.11. Comparative information

The information in the financial statements is presented in comparison with the information pertaining to the previous fiscal year, for all the values reported in the financial statements of the current fiscal year.

The accounting records are kept in lei, in accordance with the Romanian Accounting Regulations. These accounts were reviewed in order to reflect the differences between the principles of the Romanian accounting regulations and those in line with IFRS. Accordingly, the accounts according to the Romanian accounting principles are adjusted, where necessary, in order to harmonise the individual financial statements, in all material respects, with the IFRS adopted by the European Union.

3.12. Tangible assets

Tangible assets are tangible elements which:

- a) are held for use in order to manufacture or provide goods or services, to be leased to third parties or to be used for administrative purposes; and
- b) are likely to be used over the course of several periods.

The cost of a tangible asset element shall be acknowledged as an asset if and only if:

- a) it is likely to generate for the entity future economic benefits specific to that element;
- b) the cost of the element can be reliably evaluated.

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The expenses with repairs or maintenance carried out on fixed assets in order to restore or retain their functionality are acknowledged in the profit/loss account on the date when they are made.

The company applied the basic treatment required by IAS 29, following which, as of 2013, it switched to the alternative evaluation method according to IAS 16.

Depreciation is calculated at the revaluated value, using the linear method, throughout the operating life of the assets, starting from the commissioning month.

Historical revaluations were completely eliminated as non-compliant with IFRS, whereas cost was subject to an inflating process. Revaluations from 2013 - buildings, 2014 - lands, 2016 - tangible assets (exclusively lands), 2018 - tangible assets (exclusively lands), 2019 - tangible assets (also lands) were acknowledged.

The expenses made to replace a component of a tangible asset element, acknowledged in the value of a fixed asset, are recovered starting from the current month of that operation and throughout the remaining operating life.

The redemption of these expenses does not mandatorily entail altering the operating life of the asset.

Tangible assets have been inflation-adjusted as of 1998, or as of their commissioning year if that date comes after 1998, the year when the two trading companies were set up, namely as per GD no. 522/1998 on founding National Company "București-Otopeni International Airport" - S.A. and as per GD no. 524/1998 on founding National Company "București-Băneasa International Airport" - S.A., companies based on which CNAB SA was later on established as per GD no. 1208/2009.

3.13. Real estate investments

The company acknowledges a real estate investment, in accordance with IAS 40, namely if it is real estate (a land or a building – or a portion of a building – or both) rather held (by the owner or the lessee pursuant to the terms of a financial leasing contract) in order to obtain income or to increase the capital amount or both.

A real estate investment is initially measured at cost. The trading costs shall be included in the initial assessment.

After the initial acknowledgement, the company chose as an assessment model the "cost-based model", for all its real estate investments, in accordance with the provisions in IAS 40, different from those meeting the criteria for classification as held for sale.

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3.14. Intangible assets

According to **IAS 38 Intangible assets**, *an intangible asset is an identifiable non-monetary asset without physical substance, held in order to be used for the production or provision of goods or services, for leasing or for administrative purposes.*

An intangible asset may be purchased or internally generated. Whichever the case, it shall be acknowledged only if:

- ✓ the asset is controlled by the company as a result of past events;
- ✓ the company expects the asset to generate future economic benefits;
- ✓ the cost of the asset can be credibly measured; and
- ✓ the asset can be separated from the goodwill.

The intangible assets as at the end of 2019 could not be revaluated as an active market could not be identified.

3.15. Financial fixed assets

Financial fixed assets are financial investments that comprise shares and other securities purchased and held in the long run, as well as long-term receivables, such as long-term loans and guarantees.

The equity investments (shares) the company owns are recorded under fixed assets, the company's intention to keep them exceeding 12 months from the balance sheet date. The company does not own shares equalling at least half plus one, from the number of shares with voting rights, for other structures considered subsidiaries. The purchases and sales of holdings are recorded on their settlement date, which coincides with the date when the holding is transferred to the company.

On each reporting date, the Company assesses whether there is objective evidence according to which a financial asset or a group of financial assets has undergone an impairment. A financial asset or a group of financial assets is impaired, and impairment losses are incurred only if there is objective evidence of such impairment following one or several events that occurred after the initial acknowledgement of that asset (a "loss-generating event") and if that event (or those events) generating losses has (have), upon the future estimated cash flows of the financial asset or of the group of financial assets, an impact that can be credibly estimated.

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3.16. Customers and similar accounts

Receivables are recorded at the value projected to be achieved, which corresponds to the nominal value. For uncertain receivables impairment adjustments shall be calculated.

In customer accounts and similar accounts one can find the value of invoices issued and not collected until the fiscal year end date.

The provision of services to customers is carried out based on an order and/or a contract, with payment at maturity ranging from 30 to 90 days, whereas the price stays the same regardless of the payment deadline.

In regard to receivable impairments, the impairment loss is recorded as the gross value to be received from the debtor, including the VAT that has to be paid to the State and can be recovered only if a decision to file for bankruptcy is made.

3.17. Stocks

Stocks are evaluated at the lower value between cost and the probable value of completion.

Cost is determined based on the “first in, first out” method, according to IAS 2. Where necessary, provisions are recorded for obsolescent and slow-moving stocks. Obsolescent stocks are individually identified and provisions are secured for them at their full value or they are removed from the balance sheet. In the case of slow-moving stocks, an age estimate is determined, for each main category, based on the inventory turnover.

3.18. Cash and cash equivalents

In order to draw up the statement of cash flows, cash and cash equivalents comprise petty cash, demand and bank deposits and short-term financial investments and cash advances. These are emphasized in the financial statements under cost.

3.19. Impairments

An impairment is acknowledged when the net book value of the asset exceeds its recoverable value. Impairments are recorded under the profit and loss account. An impairment of an asset is recognised if it becomes certain that the said impairment is no longer present and changes have occurred in estimating the recoverable value.

3.20. Share capital

The share capital comprises the ordinary shares recorded at their nominal value.

The company acknowledges the share capital changes under the conditions provided by the legislation in force and only upon their approval in the Shareholders’ General Assembly and their registration with the Trade Register Office. Since establishment and up to the date of the present reports, no changes have been brought to the share capital.

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Romania experienced, until 01.01.2004, very high inflation levels and was considered a hyperinflationary economy, as defined by IAS 29 *Financial Reporting in Hyperinflationary Economies*.

Considering that IFRS were applied, the share capital was inflation-adjusted, whereas the inflating process result is reported in the financial statements (account 1028).

3.21. Current and deferred corporate income tax

The tax expense pertaining to the fiscal year includes the current tax and the deferred tax and is acknowledged under profit or loss, except for the case where it is acknowledged in other comprehensive income elements or directly under own equity, given that it references transactions which are, in their turn, acknowledged in the same or a different fiscal year, under other elements of comprehensive income or directly under own equity.

The corporate income tax calculated and entered in the accounting records was, for 2019, 80,753,025 lei, an increase by 5,497,552 lei over the corporate income tax calculated and recorded the previous year.

The **current corporate income tax expense** is calculated based on the fiscal regulations in force at the end of the reporting period. The leadership periodically review the positions in the tax forms in search of possible cases where the applicable fiscal regulations allow for interpretations and constitute provisions, as necessary, based on the amounts estimated as payables to the fiscal authorities.

The **deferred corporate income tax expense** is acknowledged, based on the balance sheet liability method, for the temporary differences occurred between the fiscal bases of assets and liabilities and their book values in the financial statements. Nevertheless, the deferred corporate income tax resulting after the initial acknowledgement of an asset or a liability from a transaction, different from a combination of enterprises, and which, at the time of that transaction, affects neither the accounting, nor the taxable profit, is not acknowledged. The deferred corporate income tax expense is determined based on the tax rates (and the legal regulations) that have come into force by the end of the reporting period and are to be applied during the period in which the deferred tax to be recovered will be leveraged or the payable deferred tax will be paid.

The deferred tax to be recovered is acknowledged strictly insofar as it is likely to obtain in the future a taxable profit from which the temporary differences could be deducted.

3.22. Trade and other payables

Payables are recorded at cost, representing the fair value of the amount to be paid in the future for the goods and services received. The short-term payables are those payables due in less than 12 months from the balance sheet date. All the other payables shall be recorded as long-term liabilities.

The accounts of trade and other payables shall be closed as a result of paying the liabilities, offsetting with mutual receivables or by becoming time-barred through the profit and loss account.

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3.23. Employee benefits

Short-term employee benefits include salaries and social security contributions. As part of the current activity it carries out, the Company makes social security payments to the Romanian State for the benefit of its employees. All of the company's salaried employees are included in the Romanian State pension scheme. The salaried employees' short-term rights are acknowledged as expenses at the time of them rendering the services.

Other long-term employee benefits.

The company's net obligation in regard to the long-term benefits granted to its salaried employees, different from the pension schemes, is the value of future benefits that the salaried employees have earned in exchange for the services rendered throughout the current and the previous fiscal year. This benefit is updated in order to determine its fair value, whereas the fair value of any related asset is inferred. These benefits are estimated using the projected unit credit method. Any actuarial gains or losses are acknowledged in the profit/loss account during the period when they occur. Other long-term employee benefits are represented by jubilee premiums.

The benefits for end of labour contract are acknowledged as expenses when the Company is visibly engaged, without any realistic break-off possibility, in an official detailed scheme for the cessation of labour contracts prior to the regular retirement date or for granting benefits for labour contract cessation as a result of an offer made to encourage voluntary departure. In the latter case, the benefits for end of labour contract are acknowledged as expenses if the Company has made a voluntary departure offer, the offer is likely to be accepted and the number of employees who will accept the offer can be reasonably estimated.

The schemes of determined contributions are post-employment benefit schemes based on which an entity pays fixed contributions into a separate entity (a fund) and shall have no legal or implied obligation to pay additional contributions unless the fund contains sufficient assets to pay all the employee benefits pertaining to the service rendered by the employee throughout the current fiscal year and the previous fiscal years.

The obligations to pay the contributions to the contribution schemes determined for pensions are acknowledged as expenses with employee benefits in the profit/loss account during the periods when the services are rendered by the employees. Contributions paid in advance are acknowledged as an asset insofar as a cash reimbursement or a decrease of future payments is possible.

A scheme of determined benefits is a scheme for post-employment benefits, different from a scheme for determined contributions. The company's net obligations in relation to the schemes for determined benefits are separately calculated for each individual plan, by estimating the value of future benefits employees have obtained in exchange for the services rendered throughout the current and the previous fiscal years. These benefits are updated to their present value, the discount rate being the yield curve of interest rates in lei, without adjustments, provided by EIOPA for the month of December 2019. The benefits concern retirement awards. The calculation is carried out on a yearly basis by a skilled actuary, using the projected unit credit method. When the benefits of a scheme are supplemented, the additional benefit share pertaining to the services previously rendered by the employees is immediately acknowledged in the profit/loss account.

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Actuarial gains and losses resulted from the schemes for determined benefits are acknowledged into other comprehensive income elements, whereas all the expenses related to the schemes for determined benefits are acknowledged into the profit/loss account of the fiscal year.

The company acknowledges gains and losses from the decrease or settlement of a scheme for determined benefits when the decrease or settlement has taken place. The gain or loss produced by a decrease or a settlement comprises any change in the fair value of the assets in that scheme, any change in the updated value of the obligation concerning the determined benefit, any related actuarial gains and losses and the cost of the previous services, which were not acknowledged beforehand.

Any actuarial estimate is subjective and different experts may have different approaches of that estimate and may use different assumptions. Actual future expenses will not be the same as the estimated ones and may significantly deviate from the estimates made. The calculations rely on certain assumptions, which are presented in the financial statements, and the derived values depend on them. The assumptions are, ultimately, under the company management's responsibility.

3.24. Profit sharing and premiums

The company acknowledges a profit-sharing obligation and expense pursuant to *Ordinance no. 64/2001 on the distribution of profits within state-owned or majority state-owned national companies and trading companies, as well as within autonomous public entities.*

At the end of the fiscal year, a short-term, fiscally non-deductible provision, is recorded. This obligation can be credibly estimated pursuant to *OMFP no. 144/2005 on the approval of the Clarifications for calculating the amounts subject to profit distribution according to Government Ordinance no. 64/2001 on the distribution of profits within state-owned or majority state-owned national companies and trading companies, as well as within autonomous public entities, approved with amendments by Law no. 769/2001, as subsequently amended and supplemented.*

In the following year, by eliminating the fiscally non-deductible provision, a non-taxable income is recorded together with a correspondent recording as charges assimilated to salaries, deductible as part of the current corporate income tax calculation.

According to the collective labour agreement, the salaried employees enjoy premiums, generated by various events and recorded under current expenses when they are granted.

3.25. Acknowledgment of revenues

Revenues comprise the fair value of the consideration collected or to be collected for the provision of services or the sale of goods over the normal course of business. Revenues are presented exclusive of the value added tax.

The Company acknowledges revenues when their value can be estimated with certainty, when the Company is likely to collect future economic benefits and when certain criteria are met for each of the Company's activities, as provided in IFRS 15 *Revenue from Contracts with Customers.*

a) *Revenues from services rendered*

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The revenues from services rendered are acknowledged in the period when they were rendered. The revenues from the collection of leases and/or rights to use assets are acknowledged using accrual-based accounting, according to the contract.

b) Revenues from the sale of goods

The revenues from the sale of goods are acknowledged at the time of the delivery of the goods.

c) Interest income

Interest income is acknowledged on a regular basis, as the respective income is generated, in line with accrual-based accounting.

d) Dividend-based income

Dividends are acknowledged when the right to receive payment has been acknowledged.

e) Penalty-based income

Income based on late-payment penalties is acknowledged when forecasts show future economic benefits in favour of the Company.

3.26. Earnings per share

The earnings per share are calculated by dividing the profit or the loss associated with the shareholders by the weighted average of the ordinary shares throughout the period.

The weighted average of the shares in issue throughout the fiscal year represents the number of shares as at the start of the period, adjusted with the number of issued shares, multiplied by the number of months during which the shares were in issue throughout the fiscal year. No changes in the number of shares were made throughout the current fiscal year or the previous fiscal years.

The accounting records are kept in lei, in accordance with the Romanian Accounting Regulations. These accounts were reviewed in order to reflect the differences between the principles of the Romanian accounting regulations and those in line with IFRS. Accordingly, the accounts according to the Romanian accounting principles are adjusted, where necessary, in order to harmonise the individual financial statements, in all material respects, with the IFRS adopted by the European Union.

3.27. Financial risk management

Risk is the uncertainty surrounding the occurrence of a phenomenon which, should it occur, could influence the objectives set forth. In particular, risk concerns the degree of uncertainty hovering over future events.

The first stage of a risk analysis deals with identifying the exposure of CNAB to events of an uncertain nature and with a possible impact upon the normal ongoing airport activity. To that end, the focus was placed on the main activities carried out by CNAB, as well as on the internal and external factors that may have a certain effect upon the company. This preliminary analysis led to identifying a series of risks, which were clustered, based on their typology, into five categories detailed below.

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Negative developments across the general economic context

The growth of CNAB's business depends, to a significant extent, on the macroeconomic developments occurring both domestically and worldwide, the general economic context having a major impact upon passenger traffic and, hence, the company. The existence of negative trends at a general economic level, such as an economic crisis, is a potential short-term risk, the predictability of which is, however, low considering the multitude of determinants.

Business risks

The main business risks are those related to demand and revenues. Within CNAB, they may take the following shapes: a drop in revenues due to the conjectural decrease of air traffic (epidemics, accidents, etc), airlines cancelling some of their flights or an airline shutting down its business. Considering that most passengers fall into the "origin/final destination" category, the flights run by an airline can be relatively easily taken over by other airlines and would not entail financial difficulties for CNAB.

Other possible business risks are: a low occupancy degree of business premises to lease, a decrease of revenues from leases, a low usage degree of new parking spots, a low usage degree of available locations for advertising purposes, a decrease of revenues from joint venture contracts. Given the small share of non-aeronautic revenues, such risks becoming real would not have a significant impact upon the company.

Operational risks

Operational risk is the risk of incurring direct or indirect financial losses as a result of:

- erroneous or inadequate internal processes;
- persons taking the wrong course of action;
- systems displaying implementation deficiencies;
- undesirable external events.

The operational risks identified within CNAB are reflected from a series of events that can negatively influence the proper business processes conducted by the company, these events being related to the existing airport infrastructure, the ongoing/planned investment programs, as well as the structure and number of employed personnel. The main goal is to identify potential risks before they might produce events with negative outcomes.

Legal risks

Based on the experts' opinions, provisions were set up for the most significant litigations in terms of plaintiff claims (with CNAB acting as the defendant).

Considering that the level of provisions was set forth in a cautious manner, and the litigations are in various settlement stages, it is unlikely we will see a scenario where CNAB is bound to pay indemnifications which, in terms of amount and duration, could yield financial difficulties for the company, particularly in regard to cash flows.

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Financial risks

Significant financial risks are the interest rate risk and the foreign exchange risk. CNAB has a low debt-to-equity ratio, whereas the structure of receipts and releases, from a currency standpoint, is balanced. Under these conditions, this risk remains low in the medium term.

Foreign exchange risk

CN AB SA is subject to the foreign exchange risk by being exposed to transactions conducted in foreign currencies. The foreign exchange risk is associated with the acknowledged assets and liabilities.

The following table presents the sensitivity of profit and loss, as well as of own equity, to possible reasonable changes of the exchange rate, applied at the end of the reporting period to the company's functional currency, with all variables remaining constant:

The impact upon profit and loss caused by:

	December 31, 2019	December 31, 2018
The appreciation of Euro by 10%	19,438,315	15,799,252
The depreciation of Euro by 10%	-19,438,315	-15,799,252
The appreciation of USD by 10%	11,127	2,446
The depreciation of USD by 10%	-11,127	-2,446

Price risk

The Company is exposed to the airport charge risk. If the charges for the services rendered had been 5% higher/lower, the net outturn of the period would have been lower/higher by 42,364,962 lei as at December 2019 (December 2018: 40,412,234 lei).

Liquidity risk

The liquidity risk originates from the Company managing the current assets, the funding expenses and the reimbursements of the principal through its debt instruments.

The following table presents the contractual maturities (representing the contractual cash flows, without discounts) of the financial liabilities.

	Below one year	Between 1 and 2 years	Beyond 2 years
As at December 31, 2019			
Suppliers and other liabilities	146.211.075	-	-
Credits and loans	-	-	-
Total	146.211.075	-	-

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As at December 31, 2018	Below one year	Between 1 and 2 years	Beyond 2 years
Suppliers and other liabilities	110,769,928	-	-
Credits and loans	-	-	-
Total	110,769,928	-	-

Categories of financial instruments

The main financial instruments employed by the Company, from which the financial instrument risk derives, are as follows:

- Financial instruments measured at their fair value
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables

A summary of the financial instruments available, by category, is provided below:

Financial assets	31-Dec-19	31-Dec-18
Trade and similar receivables	106,178,513	101,002,603
Cash and cash equivalents	368,334,694	300,372,426
Other financial assets	13,984,637	14,438,461
Total	488,497,844	415,813,490

Financial liabilities at amortised cost	31-Dec-19	31-Dec-18
Trade and similar payables	49,562,586	33,716,475
Other loans	-	-
Total	49,562,586	33,716,475

The management's overall objective is to set forth policies designed to attempt to lower the risk as much as possible without unreasonably affecting the Company's competitiveness and flexibility.

The fair value of financial instruments

The fair value of the financial assets and liabilities is determined as follows:

- The fair value of assets and liabilities with standard terms and conditions and traded on active liquid markets is determined in relation to market quoted prices (including redeemable securities, trade notes, bonds and perpetual securities).
- The fair value of other financial assets and liabilities (excluding derivatives) is determined in accordance with generally accepted evaluation models, which rely on future cash flows, updated using prices of transactions visible on current markets and quotes obtained from dealers for similar instruments.

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The following table presents an analysis of the methods used to evaluate the financial instruments on a date subsequent to that of initial acknowledgement, the instruments being grouped under levels 1 - 3 based on the degree of market availability of the information required in order to evaluate.

- Level 1: includes financial instruments measured at their fair value by applying quoted, unadjusted prices obtained from active markets on which identical assets or liabilities are traded.
- Level 2: includes financial instruments measured at their fair value by using assessment techniques that contain variables different from the quoted prices mentioned at Level 1 in the hierarchy, variables which are available and identifiable on the market for the respective assets and liabilities, either directly (such as prices) or indirectly (namely derived from prices).
- Level 3: includes financial instruments measured at their fair value by using assessment techniques that contain variables for the respective assets or liabilities, variables which do not rely on identifiable data available on the market.

- 2019 -

	Level 1	Level 2	Level 3	Total
Financial assets at cost or accounted for using the equity method	-	-	13,449,742	13,449,742

- 2018 -

	Level 1	Level 2	Level 3	Total
Financial assets at cost or accounted for using the equity method	-	-	13,919,297	13,919,297

There were no transfers among the levels of the fair value measurement hierarchy employed to evaluate the financial instruments.

The Company's management believe that the fair value of the assets and liabilities acknowledged at amortised cost within the financial statements approximates their net book value, largely due to the short-term maturities, the low costs pertaining to the transactions as at the financial position date, whereas for the long-terms loans due to the fact that they had been recently contracted.

The fair value of the following financial assets and liabilities approximates their book value:

- Trade and other receivables;
- Other short-term financial assets;
- Cash and cash equivalents;
- Trade and other payables;
- Loans.

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Explanatory note no. 4 – Fixed assets

According to item 61 par. (1) and (2) in the Accounting regulations approved as per *OMFP no. 2844/ 2016 on the approval of the Accounting regulations aligned to the International Financial Reporting Standards*, fixed assets are assets which generate future economic benefits and are acknowledged under the conditions provided by IFRS. Fixed assets are comprised of: intangible and tangible assets, assets in progress, as well as financial fixed assets.

Tangible assets in progress are uncompleted investments carried out through direct labour operations or under a contract for works. Tangible assets in progress are recorded in the category of completed assets, in compliance with the IFRS provisions.

The value of the depreciation pertaining to the intangible and tangible assets, corresponding to each period, is recorded under expenses (account 6811 “Operating expenses with the depreciation of assets, real estate investments and productive biological assets measured at cost”).

If an intangible or a tangible asset is derecognised, the revenues generated by this operation (account 7583 “Revenues from the disposal of intangible and tangible assets and other capital transactions”), the expenses representing the non-amortised value of the asset (account 6583 “Expenses with intangible and tangible assets disposed of and other capital transactions”) and other expenses related to its disposal shall be distinctly emphasized. In this case, any possible impairment adjustments previously established (account 6813 “Operating expenses with adjustments for the depreciation of assets, real estate investments and productive biological assets measured at cost”) shall be carried over accordingly under revenues (account 7813 “Revenues from adjustments for impairments of assets, real estate investments and productive biological assets measured at cost”).

For the purpose of presentation within the comprehensive income statement, the gain or the loss resulted from no longer using or deregistering an intangible or a tangible asset shall be determined as a difference between the revenues generated by deregistering the asset and its non-amortised value, including the costs entailed by derecognising it, and shall be presented as a net value within the comprehensive income statement, according to IAS 38 and IAS 16, respectively.

4.1. Tangible assets

The tangible assets of CN AB SA were revaluated as at **31.12.2018**. The approach applied in the evaluation, according to the evaluation report, was the following:

- ✓ Fixed tangible assets were revaluated using cost-based methods, keeping in mind their specialised nature. The basis for estimating the current costs was the purchase price for the assets purchased on the market, for as-new prices or at their fair value (presumed prices) for previously revaluated assets. The current cost of for previously revaluated assets was calculated by means of updating the presumed costs, using price indices (price indices in constructions, indices of industrial production prices, inflation rate) specific to each asset type.

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Completely depreciated tangible assets that are still used by the company were revaluated by setting forth a new economic value and a new economic service life, corresponding to the period over which the company estimates they would continue to be used.

- ✓ For the revaluated tangible assets which, as at 31.12.2018, had their remaining value zero and their normal service life expired, the evaluator proposed new remaining service lives.
- ✓ Following the analyses performed based on the special assumptions presented in the report, the evaluator's conclusion regarding the fair value of the tangible assets in the inventory of CN AB SA, as at 31.12.2018 (with the exception of lands), is:

DESIGNATION	INVENTORY VALUE AS AT 31.12.2018	REMAINING VALUE AS AT 31.12.2018	FAIR VALUE AS AT 31.12.2018	RECOVERABLE VALUE UPON SCRAPPING AS AT 31.12.2018
Tangible assets	2,858,292,953.87	1,020,184,993.11	1,166,828,131.15	401,500.00

The tangible assets, including the lands, of CN AB SA were revaluated as at **31.12.2019**. The approach applied in the evaluation, according to the evaluation report, was the following:

- ✓ Fixed tangible assets were revaluated using cost-based methods, keeping in mind their specialised nature. The basis for estimating the current costs was the purchase price for the assets purchased on the market, for as-new prices or at their fair value (presumed prices) for previously revaluated assets. The current cost of for previously revaluated assets was calculated by means of updating the presumed costs, using the valuation of market values for all the assets identified as lands, buildings and movable property, estimated using the revenue-based approach. The analysis was performed comparatively between the fair values recorded as at 31.12.2019 and the market value of all the assets, estimated by capitalising the income obtained from business activities. The adjustment index of the estimated values is 1.048. (For reference only, the consumer price adjustment index calculated by NIS, for the Dec. 2018 – Dec. 2019 period, is: 1.0404).
- ✓ For the revaluated tangible assets which, as at 31.12.2018, had their remaining value zero and their normal service life expired, the evaluator proposed new remaining service lives.
- ✓ For the lands, the evaluation carried out represents an estimate of the fair value of assets. The evaluation procedure complies with the standards, recommendations and work methodology adopted by ANEVAR (*National Association of Authorised Property Valuers in Romania*).
- ✓ Following the analyses performed based on the special assumptions presented in the report, the evaluator's conclusion regarding the fair value of the tangible assets and the lands in the inventory of CN AB SA, as at 31.12.2019 is:

DESIGNATION	INVENTORY VALUE AS AT 31.12.2019	REMAINING VALUE AS AT 31.12.2019	FAIR VALUE AS AT 31.12.2019
Tangible assets	3,040,904,327	1,051,528,328	1,151,793,459
Lands	31,467,123,633	-	3,051,943,000

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As at 31.12.2018, the status of the tangible assets is as follows:

Explanations	Land	Buildings	Technical equipment and machinery	Other equipment, machinery and furniture	Tangible assets in progress	Real estate investments	TOTAL
Gross value							
Balance as at 01.01.2018	3,146,630,806	1,812,936,652	842,173,818	187,810,169	40,710,015	5,426,313	6,035,687,773
Increases	40,798,626	148,829,537	70,603,831	35,375,578	2,175,819		297,783,391
Discounts	40,799,645	16,582,662	58,332,092	10,920,646	23,659,900		150,294,945
Balance as at 31.12.2018	3,146,629,787	1,945,183,527	854,445,557	212,265,101	19,225,934	5,426,313	6,183,176,219
Depreciation							
Balance as at 01.01.2018		907,475,115	691,772,227	150,707,735		4,275,648	1,754,230,725
Increases		121,798,416	47,087,802	11,604,301		95,786	180,586,305
Decreases		16,059,091	57,731,430	10,887,697			84,678,218
Balance as at 31.12.2018		1,013,214,440	681,128,599	151,424,339		4,371,434	1,850,138,812
Impairment adjustments							
Balance as at 01.01.2018	206,180,632	3,504,348	44,898	20,469	533,131		210,283,478
Adjustments recorded throughout the fiscal year		129,911	60,283	3,884	4,345,044		4,539,122
Discounts or carry-overs		3,165,647	44,898	20,469			3,231,014
Balance as at 31.12.2018	206,180,632	468,612	60,283	3,884	4,878,175		211,591,586
Net value							
As at 01.01.2018	2,940,450,174	901,957,189	150,356,693	37,081,965	40,176,884	1,150,665	4,071,173,570
As at 31.12.2018	2,940,449,155	931,500,475	173,256,675	60,836,878	14,347,759	1,054,879	4,121,445,821

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As at 31.12.2019, the status of the tangible assets is as follows:

Explanations	Land	Buildings	Technical equipment and machinery	Other equipment, machinery and furniture	Tangible assets in progress and advances paid	Real estate investments	TOTAL
Gross value							
Balance as at 01.01.2019	3,146,629,787	1,945,183,527	854,445,557	212,265,101	19,225,934	5,426,313	6,183,176,219
Increases	126,787,120	95,838,875	76,141,693	15,597,251	8,435,744		322,800,683
Discounts	221,473,907	449,488	18,495,347	5,644,205	9,993,337		256,056,284
Balance as at 31.12.2019	3,051,943,000	2,040,572,914	912,091,903	222,218,147	17,668,341	5,426,313	6,249,920,618
Depreciation							
Balance as at 01.01.2019		1,013,214,440	681,128,599	151,424,339		4,371,434	1,850,138,812
Increases		115,083,395	69,138,107	17,866,199		63,423	202,151,124
Decreases		314,531	17,963,343	5,460,481			23,738,355
Balance as at 31.12.2019		1,127,983,304	732,303,363	163,830,057		4,434,857	2,028,551,581
Impairment adjustments							
Balance as at 01.01.2019	206,180,632	468,612	60,283	3,884	4,878,175		211,591,586
Adjustments recorded throughout the fiscal year	-205,938,520		43,895				-205,894,625
Discounts or carry-overs	242,112	163,712	60,283	3,884			469,991
Balance as at 31.12.2019	0	304,900	43,895	0	4,878,175		5,226,970
Net value							
As at 01.01.2019	2,940,449,155	931,500,475	173,256,675	60,836,878	14,347,759	1,054,879	4,121,445,821
As at 31.12.2019	3,051,943,000	912,284,710	179,744,645	58,388,090	12,790,166	991,456	4,216,142,067

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4.2. Intangible assets

As at 31.12.2018, the status of the intangible assets is as follows:

No.	Designation of the intangible asset element	Gross value				Value adjustments (amortisations and depreciation or impairment adjustments)				Net value	
		Balance as at 01.01.2018	Increases	Disposals, transfers and other discounts	Balance as at 31.12.2018	Balance as at 01.01.2018	Adjustments recorded throughout the fiscal year	Discounts or carry-overs	Balance as at 31.12.2018	Balance as at 01.01.2018	Balance as at 31.12.2018
	Intangible assets (1+2), of which:	5,635,367	306,544	204,790	5,737,121	5,594,873	136,122	204,790	5,526,205	40,494	210,916
1	Concessions, patents, licences, trademarks, similar rights and assets, of which:	153,653	5,481		159,134	153,450	685		154,135	203	4,999
1.1.	Patents, marks and other similar rights and values	125,185	5,481		130,666	124,989	685		125,674	196	4,992
1.3.	MT (<i>Ministry of Transportation</i>) lands in use free of charge	7			7					7	7
1.4.	Concessions of licences, Băneasa	28,461			28,461	28,461			28,461		
2	Other intangible assets	5,481,714	301,063	204,790	5,777,987	5,441,423	135,437	204,790	5,372,070	40,291	205,917

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As at 31.12.2019, the status of the intangible assets is as follows:

No.	Designation of the intangible asset element	Gross value				Value adjustments (amortisations and depreciation or impairment adjustments)				Net value	
		Balance as at 01.01.2019	Increases	Disposals, transfers and other discounts	Balance as at 31.12.2019	Balance as at 01.01.2019	Adjustments recorded throughout the fiscal year	Discounts or carry-overs	Balance as at 31.12.2019	Balance as at 01.01.2019	Balance as at 31.12.2019
	Intangible assets (1+2), of which:	5,737,121	1,785,446	1,888,045	5,634,522	5,526,205	1,373,284	1,888,045	5,011,444	210,916	623,078
1	Concessions, patents, licences, trademarks, similar rights and assets, of which:	159,134		5,188	153,946	154,135	562	5,188	149,509	4,999	4,437
1.1.	Patents, marks and other similar rights and values	130,666		5,188	125,478	125,674	562	5,188	121,048	4,992	4,430
1.3.	MT lands in use free of charge	7			7					7	7
1.4.	Concessions of licences, Băneasa	28,461			28,461	28,461			28,461		
2	Other intangible assets	5,577,987	1,785,446	1,882,857	5,480,576	5,372,070	1,372,722	1,882,857	4,861,935	205,917	618,641

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4.3. Financial fixed assets

This category of assets comprises shares held in subsidiaries, associated entities and jointly controlled entities, loans granted to these entities, other investments held as assets, as well as other loans.

The above-mentioned elements are accounted for depending on their nature and the type of the entity in which equity participations are held.

Other long-term receivables comprise guarantees, deposits and collaterals issued or opened by the entity with third parties. In the accounts with long-term receivables representing granted loans one shall record amounts granted to third parties pursuant to the contracts for which the entity charges interest, according to the law.

The main records made in relation to financial fixed assets, as at 31.12.2018, reflected in the financial statements, were:

- ✓ The outturn generated by subjecting BICC and RAS to the equity method, amounting to 483,342 lei, was acknowledged;
- ✓ The adjustment for the impairment of equity investments held in TAROM was increased by 13,504,520 lei.

The main records made in relation to financial fixed assets, as at 31.12.2019, reflected in the financial statements, were:

- ✓ The outturn generated by subjecting BICC and RAS to the equity method (account 264), amounting to 469,554.34 lei, was deregistered.

As at 31.12.2018 and 31.12.2019, respectively, the **financial fixed assets** appear as follows:

Explanations	Long-term receivables – guarantees with third parties	Equity investments	Equity investments subjected to the equity method	Total
Gross value as at January 01, 2019	475,164	36,159,852	11,111,650	47,746,666
Receipts	44,000	0	483,343	527,343
Gross value as at December 31, 2019	519,164	36,159,852	11,594,993	48,274,009
Impairment adjustment as at January 01, 2019	0	20,331,028	0	20,331,028
Adjustment increase for financial fixed assets	0	13,504,520	0	13,504,520
Adjustment as at 31.12.2019	0	33,835,548	0	33,835,548
Net book value as at 01.01.2019	475,164	15,828,824	11,111,650	27,415,638
Net book value as at 31.12.2019	519,164	2,324,304	11,594,993	14,438,461
Gross value as at January 01, 2019	519,164	36,159,852	11,594,993	48,274,009
Receipts	15,731			15,731
Releases			469,554	469,554
Gross value as at December 31, 2019	534,895	36,159,852	11,125,439	47,820,186
Impairment adjustment as at January 01, 2019	0	33,835,548	0	33,835,548
Adjustment as at 31.12.2019		33,835,548		
Net book value as at 01.01.2019	519,164	2,324,304	11,594,993	14,438,461
Net book value as at 31.12.2019	534,895	2,324,304	11,125,439	13,984,638

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Other long-term receivables – guarantees with third parties

No.	Guarantees with third parties	01.01.2019	Receipts	Releases	31.12.2019
1	Cumpăna	2.310			2.310
2	Internet Banking	167			167
3	RADET	2.199			2.199
4	Romtelecom	3.178			3.178
5	Sal Trans Exim	916			916
6	Collateral in case file no. 47/2014, with Global Media SA	22.858			22.858
7	Collateral in case file no. 3393/3/2012, with Olguța Orbeșteanu	23.963			23.963
8	Collateral in case file no. 2619/93/2014, Elena Tudor Barcău	1.000			1.000
9	Collateral in case file no. 2619/93/2014 Elena Tudor Barcău 13.03.2015 22.04.2015	1.000			1.000
10	Tamaxo Consult	1.000			1.000
11	Collateral for plane-related incident, Băneasa	364.073			364.073
12	Guarantee with the commodity exchange, gas bidding procedure	25.500			25.500
13	Romanian Commodity Exchange	71.000			71.000
14	Collateral in case file no. 5475/2/2019, ANAF, General Directorate for Big Taxpayers	0	15.731	0	15.731
	TOTAL	519.164	15.731	0	534.895

Equity investments

No.	Financial fixed assets held in trading companies	01.01.2019	Holding percentage as at 01.01.2019	31.12.2019	Holding percentage as at 31.12.2019
1	CN Tarom SA	32,564,700	1.48	32,564,700	1.46%
2	National Investment Company, of which:	168,349		168,349	
	- application of IAS 29	43,349		43,349	
	- equity participations	125,000	31.25	125,000	31.25%
3	Globe Ground Romania SRL	6,435	13	6,435	13.00%
4	Romprest Service SA	2,291,013	10	2,291,013	10.00%
5	DNATA CATERING SA, of which:	22,464		22,464	
	- application of IAS 29	5,784		5,784	
	- equity participations	16,680	4.979%	16,680	4.979%
6	Centrul Regional de Excelență în Aviația Civilă SA	1,102,500 (subscribed 3,675,000)	35	1,102,500 3,675,000	35%
7	The Association for the Promotion and Development of Romanian Tourism	4,392	0	4,392	
8	TOTAL	36,159,853	X	36,159,853	
9	Impairment adjustment	33,835,548	X	33,835,548	

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Equity investments subjected to the equity method

Taking into account the equity participation percentages, the equity investments held by the company in BICC and RAS were reclassified as equity investments subject to the equity method, evaluated and presented in the financial statements using the equity method. The equity method is an accounting and reporting method by means of which an equity participation in a jointly controlled entity is initially recorded at cost and subsequently adjusted depending on the changes, that follow the purchase of the investor's share, reflected by the net assets of the jointly controlled entity (IAS 31).

As at **31.12.2018**, the equity investments subject to the equity method, for the two companies, were recalculated in relation to the own equity comprised in the financial statements of the respective companies, as follows:

- ✓ For BICC, the equity investments subjected to the equity method amount to 8,770,201 lei;
- ✓ For RAS, the equity investments subjected to the equity method amount to 2,824,792 lei.

As at **31.12.2019**, the equity investments subject to the equity method, for the two companies, were recalculated in relation to the own equity comprised in the financial statements of the respective companies, as follows:

- ✓ For BICC, the equity investments subjected to the equity method amount to 8,911,625 lei;
- ✓ For RAS, the equity investments subjected to the equity method amount to 2,213,813 lei.

The information used to determine the equity investments subject to the equity method is taken over from the trial balances of BICC and RAS.

No.	Financial fixed assets held in trading companies	01.01.2019	Holding percentage as at 01.01.2019	Receipts - adjustments as per IFRS	Releases - adjustments as per IFRS	31.12.2019	Holding percentage as at 31.12.2019
1	Bucharest International Cargo Center (BICC)	8,770,201	27		-141,424	8,911,625	27
2	Romanian Airport Services SA (RAS)	2,824,792	33.18		610,979	2,213,813	33.18
	TOTAL	11,594,993	X		469,555	11,125,438	X

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Explanatory note no. 5 – Current assets

The company reclassifies an asset as a current asset when:

- it expects to capitalise on that asset or intends to sell or consume it as part of the normal operating cycle;
- the asset is primarily held for trading purposes;
- it expects to capitalise on that asset within twelve months following the reporting period;
- the assets takes the form of cash or cash equivalents (as they are defined by IAS 7), except for the case where there is the restriction that the asset might be exchanged or used to settle a debt over a period of at least twelve months following the reporting period.

5.1. Stocks

The main categories of stocks are: merchandise, spare parts, consumables, materials at third parties, materials identified as inventory items, residual products and packaging.

During the Company inventory inflow process, stocks are measured at their purchase cost, including the collateral expenses required to organise the stocks in the form and the location in which they are found. The accounting records of all the physical asset inventories are of quantities and values, whereas the management method used is the perpetual inventory method.

The evaluation of stocks during the inventory outflow process is performed using the FIFO method, allowed by IAS 2 – Stocks. During the stocktaking process, the stocks of raw materials and various other materials were measured at fair value, whereas the stocks that were degraded or could no longer be used within the Company were inventorised separately and adjusted accordingly.

As at 31.12.2019, CN Aeroporturi București SA possesses stocks with a gross value of 19,143,971 lei. On 31.12.2019, adjustments were made for depreciations of materials (account 3921), amounting to 8,679 lei, and of materials at third parties (account 3951), amounting to 136 lei, of packaging (account 398), amounting to 184 lei, the stocks reaching a net value of 19,134,972 lei.

No.	Category	Balance as at 01.01.2019	Receipts	Releases	Balance as at 31.12.2019
1.	Consumables	4,829,721	15,530,813	15,700,746	4,659,788
2.	Residual products	33,364	-26,134		7,230
3.	Merchandise	0	0	0	0
4.	Materials at third parties	14,167,607	3,566,418	3,906,120	13,827,905
5.	Materials identified as inventory items	70,934	1,483,077	1,512,290	41,721
6.	Packaging	184	0	0	184
7.	Advances	122,116	491,398	96,591	516,923

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8.	Assets held for sale	65,004	25,217	1	90,220
9.	Total gross values	19,288,930	21,070,789	21,215,748	19,143,971
10.	Adjustments	44,378	8,679	44,242	8,999
11.	Total net values	19,244,552	21,062,110	21,171,506	19,134,972

Of the total amount of 19,143,972 lei:

- the amount of 7,974,868 lei represents stationary or slow-moving stocks, as follows:

✓	Light liquid fuel – safety stock	=	464,520 lei;
✓	Fuel – brake fluid – safety stock	=	6,471 lei;
✓	Consumables – spare parts	=	991,712 lei;
✓	Materials at third parties – spare parts for equipment – safety stock	=	6,371,991 lei;
✓	Materials identified as inventory items	=	57,166 lei;
✓	Consumables – other materials	=	82,824 lei;
✓	Packaging materials	=	184 lei.

Materials at third parties, amounting to **13,827,905** lei (acct. 351 - acct. 3951), representing:

➤	Magal Security Systems LTD	2,054,901 lei
➤	Magal Security Systems SRL	182,231 lei
➤	EMP Trade	6,602,979 lei
➤	Euro Nuclear Security Services	3,837,098 lei
➤	CEROB SRL	19,500 lei
➤	MacDonald Humfrey	194,254 lei
➤	MB Telecom	884,503 lei
➤	UTI Grup SA (136 pt 3951)	43,340 lei
➤	Police General Inspectorate, Transportation Directorate, Aurel Vlaicu	8,964 lei

5.2. Receivables

The status of receivables as at 31.12.2019 appears as follows:

No.	Explanations	Trade receivables	Other receivables	Total
1	Gross value as at 01.01.2019	110,846,043	24,249,194	135,095,237
2	Adjustment	20,882,655	2,748,235	23,630,890
3	Net book value as at 01.01.2019	89,963,388	21,500,959	111,464,347
4	Gross value as at 31.12.2019	116,665,247	37,460,174	154,125,421
5	Adjustment	21,808,380	4,635,388	26,443,768
6	Net book value as at 31.12.2019	94,856,867	32,824,786	127,681,653

5.2.1 Trade receivables

At the end of 2019, CN AB SA had the following structure of trade receivables:

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No.	EXPLANATIONS	Balance as at 01.01.2019	Balance as at 31.12.2019	Liquidity deadline under one year	Liquidity deadline in excess of one year
1	Domestic customers	16,276,902	16,569,259	16,569,259	-
2	Foreign customers	7,675,421	7,064,666	7,064,666	-
3	Total domestic and foreign customers	23,952,323	23,633,925	23,633,925	-
4	Doubtful customers	20,882,655	21,808,380	21,808,380	-
5	Customers - invoices to be issued	65,988,329	70,577,427	70,577,427	-
	Total customers	110,823,307	116,019,732	116,019,732	-
6	Advance payments to suppliers for provisions of services	22,736	645,516	645,516	-
7	Total gross values	110,846,043	116,665,248	116,665,248	-
8	Impairment adjustments - customers	20,882,655	21,808,380	21,808,380	-
	Total net values	89,963,388	94,856,868	94,856,868	-

5.2.2 Customers

The age-based structure of customer receivables, present in the balance as at 31.12.2019, appears as follows:

No.	Age	Total customers as at 31.12.2019	Percentage (%)
1	Within deadline	22,294,908	49.06
2	0 – 30 days	990,778	2.18
3	30 – 60 days	92,092	0.20
4	60 – 90 days	144,652	0.32
5	90 – 120 days	84,286	0.19
6	120 – 270 days	246,181	0.54
7	270 – 365 days	493,961	1.09
8	In excess of 365 days	21,095,447	46.42
	TOTAL	45,442,305	100

CN AB SA revaluated the balances of receivables from foreign customers using the NBR exchange rate of 31.12.2019, the differences being recorded under the profit and loss account of 2019.

CN AB SA calculated, according to IFRS 9, a provision amounting to 7,449.67 lei. This is calculated based on the customers' collection behaviour, using a percentage calculated based on historical data (depending on the number of days of delay and the behaviour over the previous 2 years – 2017, 2018).

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As a result of a better collection policy implemented by the company in 2019, the historical rate calculated for 2018 was used. The calculation is broken down as follows:

➤ Provision for customers in lei:

The use of the 2018 rate				
Interval	Amount in lei	Default rate (calculation rate based on the customers' collection behaviour recorded in the balance as at 31.12.2018)	Calculation rate of the provision based on the customers' payment behaviour	Provision calculated as at 31.12.2019 (based on the rate calculated for 2018)
<1 day	15,321,216.52	0.01%	0.01%	2,018.20
1-30	717,560.14	0.05%	0.05%	367.47
31-60	83,290.39	0.62%	0.65%	538.99
61-90	136,474.38	0.78%	0.81%	1,104.21
91-120	76,018.52	4.41%	4.57%	3,477.42
121-150	4,271.26	12.23%	12.68%	541.62
151-180	200.40	74.70%	77.47%	155.24
181-210	49.55	77.93%	80.81%	40.04
211-240	41.34	79.70%	82.65%	34.17
241-270	141.15	100.00%	103.70%	146.37
241-271	-	0.00%	0.00%	-
Total	16,339,263.65			6,405.54

➤ Provision for customers in foreign currencies:

The use of the 2018 rate					
Interval	Amount in Euro	Amount in Ron	Default rate (calculation rate based on the customers' collection behaviour recorded in the balance as at 31.12.2018)	Calculation rate of the provision based on the customers' payment behaviour	Provision calculated as at 31.12.2019 (based on the rate calculated for 2018)
<1 day	1,423,288.81	6,802,324.21	0.01%	0.01%	896.04
1-30	54,549.62	260,709.00	0.05%	0.05%	133.51
31-60	72.62	347.07	0.62%	0.65%	2.25
61-90	319.00	1,524.60	0.78%	0.81%	12.34
91-120	-	-	4.41%	4.57%	
121-150	-	-	12.23%	12.68%	
151-180	-	-	74.70%	77.47%	
181-210	-	-	77.93%	80.81%	
211-240	-	-	79.70%	82.65%	
241-270	-	-	0.00%	0.00%	
Total	1,478,230.05	7,064,904.88			1,044.13

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5.2.3 Advance payments to suppliers for provisions of services

In the balance of the “Advance payments to suppliers for provisions of services” account, the company recorded advances amounting to 645,516 lei, granted to service providers, as opposed to the 22,736 lei at the end of the previous fiscal year.

5.2.4. Doubtful customers

Among the annual accounts closed as at 31.12.2019, “doubtful customers”, according to the data determined following the stocktaking of the entire assets and worth, accounted for a balance of 21,808,380 lei, which is 925,725 lei more than as at 31.12.2018, entirely adjusted.

The main share of doubtful customers comprises companies undergoing winding-up proceedings, namely:

DESIGNATION	balance	percentage
ROMAVIA	6,939,155.09	33.23%
MY AIR.	6,314,782.41	30.24%
BATA SKY IMOBILIARE S.A (FORMER BLUE AIR TRANSPORT AERIAN SA)	2,356,698.62	11.29%
JETTRAN INTERNATIONAL	1,064,771.72	5.10%
COMPANIA ROMPREST SERVICE SA	819,493.80	3.92%
MYAIR.COM SRL	676,745.31	3.24%
AIC HANDLING S.A.	672,997.81	3.22%
TEHCON EDILITARE&INFRASTRUCTURĂ SRL	534,453.87	2.56%
TEN AIRWAYS SRL	379,520.55	1.82%
OLYMPIC AIRLINES SA	376,578.06	1.80%

5.2.5 Customers - invoices to be issued

In order to comply with the fiscal year independence principle, CN AB SA reflected in the « Customers - invoices to be issued » account the income pertaining to the deliverables rendered in December, but which could only have been invoiced the following month.

For the same reason, the company also invoiced the late-payment penalties in relation to the invoices pertaining to deliverables rendered in 2019.

The structure of this balance sheet item appears as follows:

No.	Customer designation	Amounts as at 01.01.2019	Amounts as at 31.12.2019
1	Customers - invoices to be issued internally	29,994,911	31,752,828
2	Customers - invoices to be issued for commercial penalties	166,594	64,545
3	Customers - invoices to be issued externally	35,826,823	38,760,054
	TOTAL	65,988,328	70,577,427

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5.2.6 Other receivables

In the annual accounts, closed as at 31.12.2019, CN AB SA reflected under the “other receivables” item the following balances:

Other receivables	Balance as at 01.Dec.20	Balance as at 31.Dec.20	Differences from the beginning of the year
Other staff-related receivables	6,855	28,579	21,724
Contribution for leaves and benefits	3,911,320	5,953,634	2,042,314
Other receivables		8,925	8,925
VAT receivable	6,047,975	13,468,889	7,420,914
VAT under settlement – debit balance	328,623	1,271,975	943,352
Other receivables in connection with the state budget	151,090	154,201	3,111
Settlements from joint operations - asset	10,552,597	12,517,446	1,964,849
Sundry debtors	3,202,994	3,986,538	783,544
Interest receivable	47,744	69,473	21,729
Suspense amounts	0	514	514
Subsidies	-4		4
Total gross values	24,249,194	37,460,174	13,210,980
Value adjustments	2,748,235	4,635,388	1,887,153
Total net values	21,500,959	32,824,786	11,323,827

At the end of 2019 fiscal year, the Company’s VAT receivable had reached 13,468,889 lei, as amounts resulting from procurement of goods and services required for its own activities, representing VAT to be reimbursed and requested to be reimbursed as per the VAT returns for the months of April 2019 (1,385,168 lei), May 2019 (845,474), August 2019 (2,822,537), September 2019 (1,540,667 lei), October 2019 (735,348 lei), November 2019 (2,879,322 lei), December 2019 (3,260,373 lei).

For “Sundry debtors”, amounting to 4,770,644 lei according to the balance as at 31.12.2019, adjustments amounting to 4,635,386 lei were operated, representing:

- adjustments for Global Media SA (“Settlements from joint operations – asset”), amounting to 156,588 lei, for the unpaid debt pertaining to the terminated partnership agreement, and
- 4,478,798 lei for « Sundry debtors ».

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5.2.7 Status of settlements from joint operations – asset

As at 31.12.2020, it appears as follows:

No.	Company designation	Gross value as at:		Impairment adjustments		Net value as at:	
		31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019
1	Dnata Catering S.A. (Alpha Rocas S.A.)	1,831,071	2,307,477	0		1,831,071	2,307,477
2	Ansamble Inflight SRL (Td Maci Trading SRL)	16,912		16,912			0
3	Ion Tiriac Air		-16,591				-16,591
4	Global Media SA	156,588	0	156,588	0	0	0
5	Millenium Pro Design SRL	8,548,026	10,226,561	0		8,548,026	10,226,561
	TOTAL	10,552,597	12,517,447	156,588		10,396,009	12,517,447

5.3 Petty cash and bank accounts

The status of the monetary resources appears as follows:

No.	Indicator	Balance at 01.01.2019	Receipts	Releases	Balance at 31.12.2019
1	Cash at bank, in lei	114,554,624	27,315,929,255	27,298,686,792	131,797,086
2	Cash at bank, in foreign currencies	155,286,449	651,532,107	595,608,016	211,210,540
3	Term deposits, in lei	30,300,000	-	5,500,000	25,000,000
4	Petty cash, in lei	230,479	58,585,275	58,491,391	324,363
5	Petty cash, in foreign currencies	874	773,910	773,880	904
6	Cash advances	0	7,169,380	7,167,580	1,800
	TOTAL	300,372,426	28,033,989,927	27,965,531,167	368,332,911

The monetary resources in lei and in foreign currencies at banks comprise the amounts present in the current accounts opened with BRD, DGTCMB (*Bucharest General Directorate for Treasury and Public Accounting*), Raiffeisen Bank, Bancpost, BCR, Unicredit Țiriac Bank and in the administrators' collateral accounts in cash.

The Company's monetary resources in foreign currencies at banks were evaluated using the exchange rate for 31.12.2019, communicated by the National Bank of Romania for the purpose of drawing up the 2019 financial statements.

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Cash at bank, in lei:

BANK	ACCOUNT NO.	BALANCE
BANCA COMERCIALĂ ROMÂNĂ	RO93RNCB0082044172710001]	42.607,611
BANCA TRANSILVANIA - LIPSCANI BRANCH	RO68BTRLRONSALA426594801	813,601
BRD - GROUPE SOCIETE GENERALE - HENRI COANDA BRANCH	RO40BRDE445SV12412444450	10
BANCA TRANSILVANIA - LIPSCANI BRANCH	RO75BTRLRONCRT0426594801	20,778,935
BRD - GROUPE SOCIETE GENERALE - HENRI COANDA BRANCH	RO14BBRDE445SV55986334450	5,968
BRD - GROUPE SOCIETE GENERALE - HENRI COANDA BRANCH	RO51BRDE445SA14812444450	117,000
BCR-UNIRII, ADMINISTRATOR COLLATERALS		14,397
GARANTI BANK SA	RO34UGBI0000422010865RON	125,202
RAIFFEISEN BANK – BĂNEASA	RO84RZBR0000060008659817	51,885
ING BANK N.V.AMSTERDAM - BUCHAREST BRANCH	RO59INGB0001008211678910	266,394
BRD - GROUPE SOCIETE GENERALE - HENRI COANDA BRANCH	RO60BRDE445SA14153634450]	1,123,468
BUCHAREST GENERAL DIRECTORATE FOR TREASURY AND PUBLIC ACCOUNTING	RO79TREZ7005069XXX004563	867
BRD - GROUPE SOCIETE GENERALE - HENRI COANDA BRANCH, DEPOSIT IN LEI		34,585,220
UNICREDIT TIRIAC BANK - GRIGORE MORA BRANCH, DEPOSIT IN LEI		31,306,528
BANCA TRANSILVANIA - LIPSCANI BRANCH		
TOTAL		131,797,086

No.	Account designation	Balance in foreign currency	Exchange rate	Equivalent in lei
1	BRD - HENRI COANDA BRANCH, Euro	20,358.04	4.7793	97,297.18
2	BRD - HENRI COANDA BRANCH, Account card OP.POS Euro-Euro	311,032.37	4.7793	1,486,518.01
3	BRD - HENRI COANDA BRANCH, Euro	901,911.54	4.7793	4,310,505.82
4	BRD - HENRI COANDA BRANCH, USD	26,114.73	4.2608	111,269.68
5	BRD - HENRI COANDA BRANCH, CANADIAN DOLLARS	3,162.53	3.2702	10,342.11
6	BRD - HENRI COANDA BRANCH, SWISS FRANCS	92.18	4.4033	405.9
7	BRD - AGENTIA HENRI COANDA, Sterling pounds	200.89	5.6088	1,126.75
8	BRD - HENRI COANDA BRANCH, SWEDISH CROWNS	488.70	0.4574	222.53

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9	RAIFFEISEN BANK - BĂNEASA RO56RZBR000060008659836, USD	1.17	4.2608	-	4.99
10	RAIFFEISEN BANK - BĂNEASA RO94RZBR000060008659831, Euro	1,346,397.18	4.7793		6,434,836.04
12	UNICREDIT TIRIAC BANK - GRIGORE MORA BRANCH, Euro	98,972.15	4.7793		472,874.22
13	BANCA COMERCIALĂ ROMÂNĂ, RO32RNCB0082044172710032, Euro	41,488,324.03	4.7793		198,285,147
	Total as at 31.12.2019				211,210,540

As at the end of 2019, CN AB SA reflected in its annual account a term deposit amounting to 25,000,000 lei opened with Banca Comercială Română on 20.11.2019, with its maturity on 20.01.2020 and a 2.40% interest. In relation to this deposit, the Company acknowledged as interest income, in the annual accounts for 2019, the amount of 69,472 lei.

No.	Indicator	Balance 01.01.2019	Receipts	Releases	Balance 31.12.2019
1	Other short-term financial investments	30,300,000	25,000,000	30,300,000	25,000,000

5.4. Deferred expenses

Accounting for and presenting items from the balance sheet and the profit and loss account takes the fiscal year cut-off principle into consideration. The expenses made/to be made throughout the current fiscal year, but which concern the future fiscal years, are distinctly entered in the accounting records, under deferred expenses (account 471 "Deferred expenses").

As at 31.12.2019, the Company's deferred expenses had reached 696,908 lei, as opposed to 1,315,034 lei the previous year. For these expenses, the company has drawn up schedules for the transition to costs, as follows:

- ✓ In 2020, 696,908 lei will be absorbed.

The elements of deferred expenses as at 31.12.2019 appear as follows:

	31.12.2018	Increases	Releases	31.12.2019
ALIAD SRL	551.57	0.00	509.15	42.42
ASITO KAPITAL SA	17,080.08	136,073.35	96,598.00	56,555.43
EURODEAL PROFESSIONAL TRAINING CENTRE	0.00	2,960.00	2,586.66	373.34
CODECS S.A.	1,975.00		1,975.00	0.00
COMPANIA NAȚIONALĂ DE ADMINISTRARE A INFRASTRUCTURII RUTIERE SA (<i>National Company for Road Infrastructure Administration</i>)	26,364.26	26,919.19	37,580.59	15,702.86
THE BRITISH COUNCIL	1,124.25	1,399.00	2,523.25	0.00
CRESCENDO INTERNATIONAL SRL	281,234.25	315,321.60	307,511.05	289,044.80

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GLOBAL ACI - ICAO AIRPORT MANAGEMENT PROFESSIONAL ACCREDITATION PROGRAMME AMPAP	0.00	22,211.62	10,889.96	11,321.66
IATA	0.00	10,650.90	0.00	10,650.90
IATA	0.00	21,759.60	10,922.86	10,836.74
IATA	0.00	68,114.36	50,362.86	17,751.50
INDACO SYSTEMS SRL	4,793.85	5,366.77	5,241.14	4,919.48
NATIONAL INSTITUTE FOR RESEARCH & DEVELOPMENT IN INFORMATICS - ICI BUCHAREST	167.94	1,714.50	1,258.96	623.48
IT LEARNING SRL	624.00		624.00	0.00
KAPSCH SRL	0.00	50,263.00	37,697.22	12,565.78
OK SERVICE CORPORATION	67,957.50	0.00	30,670.00	37,287.50
OMNIASIG VIENNA INSURANCE GROUP	878,401.68	1,292,022.92	1,995,823.79	174,600.81
ORACLE ROMANIA SRL	11,090.70		11,090.70	0.00
QUENTIC GMBH	0.00	82,880.88	55,253.92	27,626.96
RENTROP&STRATON - GRUP DE EDITURĂ ȘI CONSULTANȚĂ ÎN AFACERI SRL	2,702.99	0.00	1,907.99	795.00
SCHOENHERR ȘI ASOCIAȚII SCA (<i>private partnership of lawyers</i>)	0.00	26,082.69	0.00	26,082.69
UNIQA ASIGURARI SA	20,965.50	64,218.15	85,183.65	0.00
VIAȚA MEDICALĂ ROMÂNEASCĂ SRL	0.00	380.95	253.92	127.03
Report total:	1,315,033.57	2,128,339.48	2,746,464.67	696,908.38

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Explanatory note no. 6 – Liabilities

Liabilities comprise:

- current liabilities
- long-term liabilities

All the liabilities are recorded directly in the accounting records, based on supporting documents.

Accounting secures records with the Company's liabilities generated by its relations with the suppliers, the personnel, the social security budget, the state budget, affiliated entities, associated entities and jointly controlled entities, its shareholders and sundry creditors.

The supplier-related accounting records operations identified as purchases, as well as other similar transactions carried out.

The payables to sellers of goods and service providers, respectively, from which invoices are not received by the end of the month, shall be distinctly emphasized in the accounting records (account 408 "Suppliers - invoices to be received"), based on the documents which certify the receipt of the goods or the services in question.

Late-payment interest and penalties, as well as other liabilities of similar nature are acknowledged either in the profit and loss account, or in the balance carried forward, depending on the period they relate to and in compliance with the provisions of the Accounting policies manual.

Liabilities in foreign currencies, resulted from the Company's transactions, are entered in the accounting records both in lei and in foreign currencies, in line with the provisions of the accounting regulations applied.

In the case of purchased goods accompanied by an invoice or a delivery note, with the invoice to be subsequently received, the exchange rate used for registration in the accounting records is the exchange rate on the date of receipt of the goods.

The company classifies a liability as a current liability when:

- it envisages the liability would be settled throughout the company's normal business cycle;
- the liability is primarily held for trading purposes;
- the liability is to be settled within twelve months following the reporting period;
- the company does not have an unconditional right to postpone settling the liability for at least twelve months following the reporting period.

All the other liabilities not identified as current liabilities are long-term liabilities.

6.1. Current liabilities – Trade payables

The status and evolution of short-term liabilities in 2019 appears as follows:

No.	Type of liability	Balance 31.12.2018	Increases	Decreases	Balance 31.12.2019
1.	Trade payables, of which:	25,828,473	325,006,379	309,712,999	41,121,854
	- suppliers	15,864,323	262,349,752	263,994,010	14,220,065
	- asset suppliers	498,869	45,009,116	35,605,146	9,902,839
	- suppliers – invoices to be received	9,465,282	17,647,511	10,113,843	16,998,950
2.	Other liabilities	21,616,782	340,046,313	329,244,015	33,324,972
	TOTAL	47,445,255	665,052,692	638,957,014	74,446,826

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In regard to the age-based structure of outstanding payables to suppliers, present in the balance as at 31.12.2019, it appears as follows:

No.	Method of making payables to suppliers	Suppliers
1.	Under 30 days and within deadline	24,114,653
2.	Between 30 and 60 days	8,251
	Total suppliers	24,122,904

Other liabilities consist in:

No.	Type of liability	Balance	Increases	Decreases	Balance
		31.12.2018			31.12.2019
1.	Other loans and similar liabilities (guarantees)	7,503,020	3,284,627	2,376,059	8,411,588
2.	Employees - salaries payable	4,196,654	214,798,424	211,045,739	7,949,339
3.	Employees - social benefits due	399,979	6,093,704	6,014,351	479,332
4.	Employees' rights not claimed	3,518	5,396	1,054	7,860
5.	Salary withholdings payable to third parties	414,661	4,606,448	4,490,153	530,956
6.	Other employee-related payables	961,641	273,420	46,449	1,188,411
7.	Social security	6,249,480	83,049,679	77,388,282	11,910,877
8.	Tax on salaries	1,118,267	14,395,100	13,418,756	2,094,611
9.	Special funds	98,002	1,273,009	1,266,320	104,690
10.	Sundry creditors	384,982	9,678,136	10,033,974	29,144
11.	Other payables to the state budget	4,359			4,359
12.	VAT under settlement from VAT adjustments	0	1,478		1,478
13.	Deferred income	282,219	2,832,970	3,162,878	612,127
	TOTAL	21,616,782	340,046,313	329,244,015	33,324,972

The tax liabilities consisting in taxes and duties due to the general consolidated state budget are always paid on their due dates. The balances as at 31.12.2019 are settled according to the legal maturities and deadlines.

The Company has not undergone any general tax inspection since its establishment, intended to acknowledge the accurate calculation and registration, in line with the normatives in force, of the liabilities consisting in taxes and duties due to the general consolidated budget.

The deferred income is detailed in explanatory note 8.2 and are deemed to be fully related to 2020.

6.2. Current liabilities – Advances collected

No.	Type of liability	Balance 31.12.2019	Increases	Decreases	Balance 31.12.2020
1	Foreign customers	38.886.813	355.953.417	344.451.380	50,388,850
2	Domestic customers	11.244.622	114.251.352	117.643.013	7,852,961
3	Intracommunity customers	2.568	908	962	1,606
	TOTAL	50.134.003	470.204.769	462.095.355	58,243,417

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The advances collected according to contracts represent advance payments for the services rendered (leases, utilities, take-off and landing services, jet bridge docking).

6.3. Current and deferred corporate income tax

The company's current corporate income tax for the fiscal years concluded on December 31, 2018 and December 31, 2019 is determined based on a 16% statutory rate, being applied to the accounting profit adjusted with the non-deductible expenses and the non-taxable income.

No.	Type of liability	Balance 31.12.2018	Constituted	Payments/carried over as income	Balance 31.12.2019
1	Current corporate income tax	113,190,671	80,753,025	80,421,386	13,522,310
2	Deferred corporate income tax	54,204,815	22,359,706	29,288,073	47,276,448

No.	Indicator designation	2020 amounts	2019 amounts
1.	Operating income	1,119,051,272	992,560,984
2.	Operating expenses	758,003,117	608,724,729
3.	Operating profit/loss (1-2)	361,047,955	383,836,255
4.	Financial income	17,650,298	13,243,533
5.	Financial expenses	5,558,621	19,378,138
6.	Financial outturn (4-5)	12,091,677	-6,134,605
7.	Gross outturn (3+6)	373,139,632	377,701,650
8.	Elements similar to income	73,622,811	14,581,133
9.	Outturn after the inclusion of elements similar to income (7+8)	446,762,443	392,282,783
10.	Deductions (tax amortisation)	154,671,488	106,470,056
11.	Non-taxable income (dividend-based income and other income)	58,613,351	28,759,441
12.	Profit (9-10-11)	233,477,604	257,053,286
13.	Non-deductible expenses, of which: -	282,359,548	227,116,364
14.	TAXABLE PROFIT	515,837,152	484,169,650
15.	CORPORATE INCOME TAX	82,533,946	77,467,144
16.	Amounts representing sponsorships	1,780,921	2,211,671
17.	CORPORATE INCOME TAX	80,753,025	75,255,473

The non-deductible expenses pertaining to 2018 consisted in:

- late-payment fines and penalties due to the Romanian authorities = 2,269,008 lei
- sponsorship expenses = 2,211,671 lei
- accounting depreciation costs = 108,330,152.76 lei
- costs with provisions = 30,072,464 lei
- other non-deductible expenses = 22,168,267 lei
- corporate income tax costs = 62,064,802.

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The non-deductible expenses pertaining to 2019 consisted in:

- late-payment fines and penalties due to the Romanian authorities = 430,367 lei
- sponsorship expenses = 1,809,443 lei
- accounting depreciation costs = 155,698,895.46 lei
- costs with provisions and adjustments = 52,71,946 lei
- other non-deductible expenses = 4,474,182 lei
- corporate income tax costs = 67,230,715.

The evolution of temporary differences, by asset and liability category, appears as follows:

Explanation	Temporary difference 31.12.2018	Deferred tax *)	Capital variation	Variation *)
Intangible assets	-72,575	-11,612		-11,612
Tangible assets	385,876,381	61,740,221	32,938,115	223,993
Financial fixed assets	0	0	0	0
Stocks	-44,378	-7,101		-7,101
Receivables	-9,111,602	-1,457,856		-1,457,856
Provision for benefits acc. to IAS 19	-37,867,735	-6,058,838		-6,058,838
Other provisions	0	0		0
TOTAL	338,780,092	54,204,815	32,938,115	-7,311,413

Explanation	Temporary difference 31.12.2019	Deferred tax *)	Capital variation	Variation *)
Intangible assets	-13,634	-2,182		9,430
Tangible assets	450,880,320	72,140,851	23,061,193	-12,660,563
Financial fixed assets	-33,835,548	-5,413,688		-5,413,688
Stocks	-8,999	-1,440		5,661
Receivables	-11,568,649	-1,850,984		-393,128
Provision for benefits acc. to IAS 19	-36,497,961	-5,839,674	-701,487	920,650
Other provisions	-73,477,728	-11,756,436		-11,756,436
TOTAL	295,477,801	47,276,448	22,359,706	-29,288,073

*) Asset - negative amount; Income - negative amount; Liability - positive amount; Expense - positive amount.

The liabilities related to deferred tax are primarily generated from the revaluation of tangible fixed assets. Receivables are generated by the temporary differences resulted from adjustments for asset impairments, as well as by provisions associated to trade disputes and projected payables to the personnel (retirement premiums, profit premiums, etc.).

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Explanatory note no. 7 – Long-term liabilities

The accounting records of loans and similar liabilities fall into the following categories: debenture loans and premiums on redemption of debentures, long- and medium-term bank loans, amounts due to affiliated entities, associated entities and jointly controlled entities, other loans and similar debts, as well as the interest pertaining to them.

The liabilities related to concessions and other similar debts are those determined by the goods taken over under such designation, according to the contracts concluded by the entity.

The company maintains the classification of interest-bearing long-term liabilities under this category even when they are payable within 12 months from the balance sheet date, provided that:

- a) the initial deadline mentions a period in excess of 12 months;
- b) there is an agreement to refinance or reschedule payments, concluded prior to the balance sheet date.

The company's long-term liabilities are provisions for risks and expenses, including staff payables estimated in accordance with IAS 19 "Employee benefits", to which deferred corporate income tax and investment subsidies are added.

Concessions of goods from the state public domain

As at 31.12.2019, the concessions of public assets, representing boarding-disembarking platforms, landing and take-off runways, airstrips and the related lands add up to a total amount of 2,067,595,487 lei, as follows:

1) In case of the former CN AIHCB SA, the concessions received amounting to 399,559,217 lei were taken over pursuant to contract no. MM/2716/10.06.2001 from MLPTL (*Ministry of Public Works, Transportation and Housing*).

2) In case of the former SN AIBB SA, the concessions received amounting to 1,668,036,270 lei were taken over from MLPTL pursuant to contract no. 2715/01.06.2001 and addendum MM 122/15.01.2002.

Since 2011, the concessions of public assets have been reflected outside the balance sheet, emphasized into an off-balance sheet account.

The concessions of public assets is calculated on a yearly basis using a 2% share applied to the amount obtained from the gross revenues generated by making proper use of the public domain, recorded in the CN AB SA balance sheet. The annual royalty shall be paid by the statutory undertaker to the state budget account, in quarterly instalments, as follows:

- By April 20, for the 1st quarter
- By July 20, for the 2nd quarter
- By October 20, for the 3rd quarter
- By December 20, for the 4th quarter
- The royalty payment for the 4th quarter shall be made based on the estimated value of the revenues from making proper use of the public domain

The royalty payment adjustments shall be made during the month immediately following the submission of the annual balance sheet, based on it and on an affidavit concerning the status of the gross revenues obtained by the statutory undertaker from making proper use of goods under the public property of the state.

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The company did not apply the provisions of IFRS 16 in the case of the concession contract as the concession value cannot be reasonably estimated, given its calculation method.

7.1. Provisions

Provisions are intended to cover the liabilities the nature of which is clearly defined and which, as at the balance sheet date, are likely to exist or will certainly exist, but which are uncertain in terms of their value or future date of occurrence. The provisions set up by the Company are analysed in order to be correlated with the estimated risks and expenses.

A provision is a liability with uncertain payability or value.

A provision is acknowledged strictly when:

- the company has a current obligation generated by a previous event;
- it is likely that a release of resources will be necessary in order to fulfil the respective obligation; and
- a credible value estimate of that obligation can be made.

The provision categories set up by the Company are:

- a) provisions for litigations, penalties, indemnifications, damages and other doubtful debts (account 1511);
- b) provisions for pensions and obligations (account 1517);
- c) other provisions (account 1518);

The accounting records of provisions are managed by type, depending on their nature, on the purpose or subject matter for which they were set up.

As at December 31, 2019 CN AB SA set up provisions for risks and expenditure, amounting to 73,477,728 lei, as opposed to 47,091,145 lei in 2018, indicating an increase by 26,386,583 lei. Considering the provisions of the collective labour agreement on the payment of entitlements to those who retire, but also of loyalty premiums, the Company set up a provision for risks and expenses, amounting to 36,497,960.61 lei, showing an increase by 7,148,749 lei as opposed to 31.12.2018, corresponding to the actuarial assumptions taken into consideration to determine the due amounts. This provision is detailed in Explanatory note no. 7.2.

The provisions set up within the Company are reviewed on every balance sheet date and adjusted to reflect the best current estimate. In the event that, in order to settle an obligation a release of resources is unlikely to happen, the provision shall be cancelled via carry-over under revenues. The provisions shall be used strictly for the purpose for which they were initially acknowledged. Therefore, only expenses related to the initial provision may be covered from that provision. Settling expenses from a provision initially acknowledged for a different purpose would hide the impact of two different events.

Provisions are assessed prior to determining the corporate income tax, their tax treatment being stipulated by the tax legislation.

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The Company set up in 2019 provisions for litigations, amounting to 63,096,609 lei, as opposed to 38,572,622 lei at the end of 2018, showing an increase by 24,523,987 lei. The status of each case file is as follows:

Account	Designation	31.12.2018	Increases (+) Decreases (-)	31.12.2019
1511	Case file no. 3430/93/2019, ROMANIAN AIR TRANSPORT, defendant. Total claims: 1,221,435.93 lei, the equivalent of 255,584 Euro (20% provision)	0.00	244,287.19	244,287.19
1511	Case file no. 5770/3/2019 (split from Case file no. 1141/3/2018), AIRPORT RETAIL PARK OTOPENI S.R.L. – the splitting of the motion to implead filed by Airport Retail Park Otopeni S.R.L. Claims amounting in total to 317,200 Euro (the equivalent of 1,479,087.74 lei), representing the market value of the portion within the land of CNAB, with an estimated area of 3050 sq m (20% provision)	0.00	295,817.55	295,817.55
1511	Case file no. 3327/93/2019 Systegra Engineering SRL. Claims 59,460.16 lei + court charges 4,760 lei + performance bond already withheld 13,297.21 lei.	0.00	15,503.47	15,503.47
1511	Case file no. 513/93/2018. Ghioca Daniel - Plaintiff, Telbisz Sebastian - Intervener, CNAB SA - Defendant, the Romanian State by means of the Ministry of Transportation - Defendant. Claims: 216,000 Euro + court charges not mentioned in the petition (20% provision)	0.00	206,465.76	206,465.76
1511	Case file no. 3344/299/2018. Obligation to perform. Romprest Service S.A. Claims: the amount of 60,408.60 lei as debt principal and the legal default interest, by 20.01.2020, amounting to 12,451.90 lei (20% provision)	0.00	14,572.10	14,572.10
1511	Case file no.31767/3/2019, Dragoș Brezeanu - plaintiff, CNAB - defendant. Moral prejudice claims amounting to 1,340,400 lei (50% provision)	0.00	670,200.00	670,200.00
1511	Case file no. 3369/93/2019, plaintiff - Gabriel Stoe, defendant - CNAB. Claims as liquidated damages: 115,074.10 lei (50% provision)	0.00	57,537.05	57,537.05
1511	Case file no. 10054/94/2019, Dragoș Brezeanu - plaintiff, CNAB - defendant. Claims - court charges resulted from case file nr. 44241/3/2017, 16.530,05 lei (prov. 100%)	0.00	16,530.05	16,530.05
1511	Case file no. 13698/94/2016, SC LIMOROM SRL. Claims - the payment of 21,980.24 lei, representing the equivalent value of invoice no. 144259/08.12 2014 (100% provision)	39,934.12	-17,953.88	21,980.24
1511	Case file no. 3106/93/2015* ROMPREST SECURITY SRL - Plaintiff, CNAB - Defendant. Claims - CNAB to be ordered to pay the amounts of 15,458,115 lei + 7,296,802.56 lei. Case file 3700/93/2017, Plaintiff - Romprest Security SRL, defendant - CNAB, claims of 7,296,802.56 lei (attached to case file 3106/93/2015*) (50% provision)	8,134,435.76	3,243,023.02	11,377,458.78

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1511	Case file no. 10028/94/2016. Iacob Olivia Mihaela - Plaintiff, CNAB SA - Defendant. Claims - 20,000 Euro as moral prejudice for offences to one's honour, reputation and private life (10% provision)	93,278.00	-83,719.40	9,558.60
1511	Case file no. 1672/93/2017* Merica Radu - Plaintiff, CNAB SA - Defendant. Claims - 222.271 lei, representing the equivalent value of the indemnity, plus the payment of the related legal interest, calculated from the maturity date of each payment obligation, until the complete payment of the debt (100% provision)	261,159.16	-38,888.16	222,271.00
1511	Case file no. 3117/93/2016 Bodea Marius - Appellant-plaintiff, Compania Națională Aeroporturi București SA - Appellant-defendant. Claims - 69,000 Euro as per the NBR exchange rate on the payment date (100% provision)	321,809.00	7,962.70	329,771.70
1511	Case file no. 46239/3/2012, CN AB - defendant, Zamfirescu Mircea Dinu - plaintiff. Law 10/2001. Referral of the matter. Claims: 500,000 lei according to the assessment present in the case file. (100% provision)	500,000.00	0.00	500,000.00
1511	Case file no. 2105/3/2010. CN AB SA - appellant-defendant. ROMATSA - appellant-defendant; SC Porthole SRL - appellant-plaintiff. Elangeni GMBH - appellant-plaintiff. Claims - 3,288,916 Euro + interest, representing 1,234,758 Euro as the loss consisting in aircraft commercial value depreciation, and 2,054,158 Euro, the operator's material injury and unrealised profit (50% provision)	4,947,359.06	-3,420,994.06	1,526,365.00
1511	Case file no. 2378/93/2017, Tehcon Edilitare & Infrastructura - plaintiff. Subject matter: ascertaining the abusive termination of contract no. 145/21.04.2015 by the defendant; the termination of contract no. 145/21.04.2015; the defendant to be ordered to pay the amount of 510,616.42 lei representing the equivalent value of the works executed and left unsettled by the defendant (50% provision)	153,184.93	102,123.28	255,308.21
1511	Case file no. 418/93/2017. Tehcon Edilitare & Infrastructura - plaintiff. Claims - the defendant to be ordered to pay the amount of 648,587.39 lei representing the equivalent value of the expenses generated by executing the contract scope of supply (75% provision)	194,576.22	291,864.32	486,440.54
1511	Case file no. 2114/93/2016. CN AB SA - defendant, Sorin Paul Stoicescu - plaintiff. Claims - the payment of the amount of 1,001,186.48 lei as consideration due to the plaintiff (50% provision)	552,144.44	-51,551.20	500,593.24
1511	Case file no. 36291/3/2015, Secureplus SRL - plaintiff, CN AB SA - defendant, Millenium Pro Design SRL - defendant, Gamma Proconsult SRL - defendant, Team R Four SRL - defendant, Martin Travel Management SRL - defendant. Judicial document nullity. The defendants to be ordered to pay the amount of 1,475,972.68 (30% provision)	737,986.00	-295,194.20	442,791.80
1511	Case file no. 34229/299/2018, Grigorescu Traian Andrei - plaintiff; CN AB SA - defendant. Claims: 6,708 lei.	0.00	6,708.00	6,708.00
1511	Case file no. 22371/MHM ICC (Paris International Court of Arbitration) CN AB SA - defendant, Romairport SRL - plaintiff. Claims of 74,593,764 lei (50% provision)	7,459,376.40	29,837,505.60	37,296,882.00
1511	Case file no. 1644/93/2017, Liviu Radu - plaintiff, CNAB SA - defendant, CNAB SA - appellant, Claims: 36,440 Euro as liquidated damages, set forth acc. to management contract no. 2353/17.05.2013 (20% provision)	1,334,560.00	-1,299,728.00	34,832.00

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1511	Case file no. 1671/93/2017, CNAB SA Appellant-defendant, Gaurean Călin Bogdan - plaintiff-defendant. The defendant to be ordered to pay the amount of 34,300 Euro (20% provision)	321,809.10	-288,545.10	33,264.00
1511	Case file no. 13232/94/2019, Romanian CAA - plaintiff, CNAB SA - defendant, Claims 1,081,736.82 lei (60% provision)	0.00	649,042.09	649,042.09
1511	Case file no. 27551/3/2019, CNAB SA - defendant, Ticu Miha - plaintiff. Indemnifications, material prejudice amounting to 330,000 lei (70,000 Euro) (20% provision)	0.00	66,000.00	66,000.00
1511	Case file 763/93/2016 Patriciu Valeriu Romulus Șerban, GG Sky Imobiliare Invest SRL, Hein Romania SRL vs CNAB, Claims of 1000 EURO/month for the period between 2000 and the judicial order delivery date (50% provision)	475,717.80	0.00	475,717.80
1511	Case file 3529/94/2018, Ioan Podariu, deprivation of use of the land measuring 4,300 sq m - Otopeni (100% provision)	1,124,244.00	0.00	1,124,244.00
1511	Case file 3097/94/2014, Autorent SRL - 3000 lei as court charges (100% provision)	3,000.00	0.00	3,000.00
1511	Case file 1859/93/2018, UTI GRUP SA - Plaintiff, claims of 1,530,372.60 lei, 2,515,932.55 lei as late-payment penalties (100% provision)	4,046,305.15	0.00	4,046,305.15
1511	Case file 125/93/2018, MIRICA DIMITRESCU - Plaintiff, Claims: the amount of 1,001,186.48 lei	1,001,186.48	0.00	1,001,186.48
1511	Case file no. 8770/12010* Buculescu Alexandru - Law 10/2001 - re-trial on the merits; request for moral prejudice amounting to 1,000,000 Euro (25%)	1,165,975.00	0.00	1,165,975.00
1511	Case file 35576/3/2017(5448/2018), Appellant-plaintiff - Martian Dan, Defendant - CNAB – labour litigation	84,000.00	-84,000.00	0.00
1511	Case file 32671/3/2017, plaintiff - Nei Divizia de Securitate SRL, defendants - CN AB and AKYLE SECURITY	130,000.00	-130,000.00	0.00
1511	Case file 1690/3/2012 (former 44942/3/2011) - SC SEQA International SRL. Claims: 7,600,000 lei for building non-availability for use (25% provision) – case file settled	1,636,463.40	-1,636,463.40	0.00
1511	Case file 3490/93/2013 Romprest Service SA, Jet bridge disinfection, pest control and disinfection services; case file subject matter: to be ordered to pay the amount of 106,589.07 lei as the equivalent value of the services rendered + 5,236.78 lei as court charges – case file settled	55,913.00	-55,913.00	0.00
1511	Case file 22183/MHM - ICC, plaintiff - Romairport, claims: loss of profit and additional mobilisation costs amounting to 20,095,638.67 lei – case file settled	2,009,563.00	-2,009,563.00	0.00
1511	Case file 1798/93/2016, plaintiff - Ministry of Transportation, claims: interest on the non-payment of dividends pertaining to the year 2013, amounting to 1,478,965.90 lei – case file settled	1,478,866.00	-1,478,866.00	0.00
1511	Case file no. 3228/93/2015 Fortress Av Ltd., 66,420.80 Euro – case file settled	309,776.24	-309,776.24	0.00
	Total 6812 = 1511		35,725,142.18	
	Total 1511 = 7812	38,572,622.26	11,201,155.64	63,096,608.80

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7.2. Employee benefits according to IAS 19

All of the company's employees are beneficiaries of the Romanian state pension scheme. The company makes payments to the social funds (the health and unemployment insurance funds, the pension fund), for the account of the employees, using the legal rates. These costs are acknowledged in the profit and loss account concurrently with the acknowledgement of salaries.

According to the collective labour agreement, the Company shall pay its employees, on their retirement date, a compensatory rate equal to a particular number of gross salaries, provided they have worked at the company for more than 5 years. The company contracted actuarial services and set up a provision for such payments. The obligation acknowledged in the balance sheet represents the current value of the obligation as at the balance sheet date, and that obligation is calculated on a yearly basis by independent specialists.

In accordance with IAS 19, calculations were made for post-employment benefits, such as pensions and loyalty premiums, thus making it necessary to enter in the accounting records provisions for employee benefits (account 1517).

By analysing the employee benefits that are granted pursuant to the collective labour agreement for SC Aeroporturi București S.A., 4 categories of benefits generating obligations as at the reporting date were identified:

1. short-term employee benefits such as allowances, salaries and social security contributions, paid annual leaves and paid medical leaves, profit sharing and premiums (provided they are paid within 12 months from the fiscal year end) and non-monetary benefits for existing employees (medical care, accommodation, company cars and goods or services free of charge or subsidized);
2. post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical insurance;
3. other long-term employee benefits, including leaves granted based on accumulated service or study leaves, jubilees or other benefits deriving from seniority in office, allowances for long-term incapacity for work and, if paid after at least 12 months from the fiscal year end, profit sharing, postponed premiums and compensations;
4. compensatory rate upon labour contract termination.

Post-employment benefits:

- The salaried employee is entitled to a healthcare plan. It is classified as a determined contribution scheme, which is why no actuarial calculation is performed;
- Salaried employees who retire shall receive, upon retirement, regardless of the grounds for retirement, a one-off award;
- The social security benefit stipulated in Law no. 19/2000, as subsequently amended and supplemented, and other legal allowances. It is classified as a determined contribution scheme, which is why no actuarial calculation is performed;
- In exceptional cases when, for technical reasons or otherwise, business is interrupted, the salaried employees shall receive 75% of the current gross basic salary, provided that work interruption has not occurred through their fault and their services have constantly been available to the unit the entire time; no actuarial calculation is performed since no such events have occurred or are envisaged to occur.

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- The employer is bound to insure the unit's salaried employees, depending on the work carried out, in line with the legal provisions in force. It is classified as a determined contribution scheme, which is why no actuarial calculation is performed;
- After retirement, the former salaried employees shall have the right, for 5 years, to benefit from a vacation at Airport Club – Eforie Sud, depending on the available vacancies (active salaried employees have priority). The charges applied shall be those for company salaried employees. They are covered by the social expenditure fund, which is why no actuarial calculation is performed;

Other long-term benefits:

- For the uninterrupted years of accumulated service, within the Company and its subsidiaries, jubilee awards will be granted to the salaried employees;
- In the event of the salaried employee's demise, their next of kin shall receive a death grant; the payments shall be made from the social expenditure fund set up in line with the income and expenditure budget. It is classified as a determined contribution scheme, which is why no actuarial calculation is performed (it is paid from the social expenditure fund);
- In the event of the demise of the salaried employee's first-degree relatives, the salaried employee shall receive a death grant. The payments shall be made from the social expenditure fund set up in line with the income and expenditure budget. It is classified as a determined contribution scheme, which is why no actuarial calculation is performed (it is paid from the social expenditure fund);

Benefits for labour contract cessation

- In the case of dismissal on grounds not related to the salaried employee's person, the employer shall grant them, in addition to the up-to-date due entitlements, a compensation. The information received from the beneficiary revealed that there were no staff dismissals on grounds not related to the salaried employee's person and there are no intentions of collective or individual redundancies on grounds not related to the salaried employee's person. For these reasons, the value of this benefit is zero.

The obligations were estimated by taking into account the following assumptions:

A. Actuarial assumptions and methods – the actuarial treatment of the retirement award:

- The mortality rate among the entity's employees was calculated according to the data supplied by the National Institute of Statistics for the year 2018.
- The staff turnover rate is calculated based on the number of voluntary departures from the company, and a probability was assigned to each age and gender group.
- The method employed is the projected unit credit method, the values being allotted for each employee and updated as at 31.12.2019.
- The long-term salary growth rate was considered equal to the projected inflation rate for the Euro area, being 1.1% for the first year, 1.4% for the second year, 1.6% for the third year and 1.37% for the remaining years, for both men and women.

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- The discount rate is the yield curve of interests in lei, without adjustments, provided by EIOPA for the month of December 2019.
- The scheme is not funded by the entity or the employees.
- The probability of the persons approaching retirement age opting for early retirement was calculated.

B. Actuarial assumptions and methods – the actuarial treatment of loyalty premiums:

- The mortality rate among the entity’s employees was calculated according to the data supplied by the National Institute of Statistics for the year 2018.
- The staff turnover rate is calculated based on the number of voluntary departures from the company, and a probability was assigned to each age and gender group.
- The method employed is the projected unit credit method, the values being allotted for each employee and updated as at 31.12.2019.
- The long-term salary growth rate was considered equal to the projected inflation rate for the Euro area, being 1.1% for the first year, 1.4% for the second year, 1.6% for the third year and 1.37% for the remaining years, for both men and women.
- The discount rate is the yield curve of interests in lei, without adjustments, provided by EIOPA for the month of December 2019.
- The scheme is not funded by the entity or the employees.
- The probability of the persons approaching retirement age opting for early retirement was calculated.
- The data supplied by the beneficiary for the years 2005 – 2020 was analysed.

As at 31.12.2018 and 31.12.2019, the company’s obligation in terms of employee benefits amounted to 29,349,211.50 lei and 36,497,960.61 lei, respectively, as follows:

EXPLANATIONS	31.12.2018	31.12.2019
Benefits related to loyalty premiums to be granted to current employees	11,896,045	12,912,465
Benefits related to premiums granted upon retirement to current employees	17,453,165	23,585,495
TOTAL	29,349,211	36,497,959

Changes in the updated value of obligations related to determined benefits	2019	2018
Obligations related to determined benefits as at January 1	29,349,211	24,714,551
<i>Acknowledged under profit or loss</i>		
Costs of current service (including actuarial loss)	3,312,269	2,464,636
Interest-related cost	1,550,668	1,021,400
Effect of settlements	-2,098,480	1,148,624
<i>Acknowledged under other comprehensive income elements</i>		
Actuarial losses / gains acknowledged under other comprehensive income elements	4,384,291	0
Obligations related to determined benefits as at December 31	36,497,959	29,349,211

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Analysis of maturities set forth for obligations related to employee benefits:

Maturities for the period worked	Loyalty premiums	Retirement premiums	TOTAL
Short-term (up to 1 year)	1,194,726	1,878,987	3,073,713
Total long-term, of which:	11,717,739	21,706,508	33,424,247
Between 1 and 2 years	996,073	3,829,541	4,825,613
Between 3 and 5 years	2,750,755	2,693,281	5,444,036
Between 5 and 10 years	3,763,965	6,895,467	10,659,432
In excess of 10 years	4,206,946	8,288,219	12,495,166

The risks pertaining to the sensitivity of actuarial assumptions are calculated in the table below:

National Company "Aeroporturi București" SA	Total employee benefits		
	Sold total 2019	Difference from the baseline	Percentage variation
Baseline	36,497,960.61		
Salary decrease by 1 point below the estimate every year	33,071,804.86	-3,426,155.74	-9.39%
Salary increase by 1 point above the estimate every year	40,442,744.09	3,944,783.48	10.81%
Employee mortality rate decrease by 0.1%	36,501,371.18	3,410.58	0.01%
Employee mortality rate increase by 0.1%	36,494,564.94	-3,395.67	-0.01%
Employee turnover rate decrease by 10%	36,737,574.16	239,613.56	0.66%
Employee turnover rate increase by 10%	36,261,034.52	-236,926.09	-0.65%
Decrease of interest yield curve values by 10%	38,174,100.72	1,676,140.12	4.59%
Increase of interest yield curve values by 10%	34,941,720.12	-1,556,240.49	4.26%

The value of employee benefits increased throughout 2019, as opposed to 2018, against a backdrop with the following aspects:

- The revenues display an increase from the previous year due to the increase, above estimations, of the employees average salaries;
- In regard to loyalty premiums, the employees' length of service accumulation slightly offsets the increase of salaries. The salary increase impact on the loyalty premiums is lower as these premiums amount to 1 salary, whereas retirement premiums amount to 10 salaries; a reduction in the number of employees does not offset this increase.
- The increase of employee retirement age does not offset their length of service accumulation in relation to the impact upon the evolution of revenues.
- The evolution of the other assumptions (mortality rate, employee turnover rate, interest yield curves) does not significantly influence the revenues, while these do have an impact in terms of increasing figures.

At the end of the 2019 fiscal year, CN AB SA set up, in accordance with the provisions of MFP Order no. 144/22.02.2005 and Government Ordinance no. 64/2001, a provision for risks and expenditure based on the monthly gross average salary achieved over the current year, in order to create the salaried employee's profit sharing fund, amounting to 8,368,608 lei.

A provision for annual leaves pertaining to 2017 and not taken by 31.12.2019, amounting to 19,564 lei, a provision for annual leaves pertaining to 2018 and not taken by 31.12.2019, amounting to 146,722 lei, and a provision for annual leaves pertaining to 2019 and not taken by 31.12.2019, amounting to 1,846,225 lei, were set up.

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Explanatory note no. 8 – Deferred income

8.1. Investment subsidies

Account 475 “Investment subsidies” contains records of government subsidies for investments, of non-reimbursable loans operating as investment subsidies, of donations for investments, of excess inventory identified as fixed assets and of other amounts received as investment subsidies.

The account diminishment, via debt transactions, is performed by acknowledging under revenues the share of investment subsidies, corresponding to the calculated amortisation or by decommissioning/derecognising assets. The company acknowledged into the subsidies account the equivalent value of the lands it received from the Romanian state in order to increase its share capital.

When the account balances were restated as at 31.12.2014, the recorded subsidies pertaining to the lands received from the Ministry of Transportation in order to increase the share capital, amounting to 41,899,372 lei, were reclassified and moved from those investment subsidy accounts to the equity accounts, namely in “Other reserves”.

As at 31.12.2015, the balance of the account “Revaluation reserves” pertaining to the lands received by the company to increase its share capital, amounting to 10,177,992 lei, was restated by being moved under the “Other reserves” account.

At the end of 2017, CN AB SA recorded, under the “Investment subsidies” item, a balance of 230,781,908 lei, a decrease from the previous year balance by 11,530,196 lei.

In accordance with the provisions of the accounting benchmarks and assets for which these subsidies were granted, the company reflected in the financial statements the method of recording this balance under revenues, namely the amount of 17,822,731 lei for 2018 and the amount of 212,959,177 lei for the following years.

At the end of 2018, CNAB SA achieved under the “Investment subsidies” item a balance of 213,877,490 lei, whereas at the end of 2019, CNAB SA achieved under the “Investment subsidies” item a balance of 198,567,835 lei, as follows:

lei

No.		Balance 01.01.2020	Increases	Decreases	Balance 12.12.2020
1.	Subsidies	213,663,601	86,318	15,660,749	198,089,170
2..	Donations	212,947		54,369	158,578
3.	Excess inventory	942	83,146		84,088
4.	Other amounts received as investment subsidies		240,000	4,000	236,000
	TOTAL	213,877,490	409,463	15,719,118	198,567,835

8.2. Deferred income

The income collected/to be collected during the current fiscal year, but which concern the future fiscal years, shall be distinctly entered in the accounting records, under deferred income (account 472 “Deferred income”).

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Into these accounts, one shall primarily enter the following income: revenues from leases, subscriptions and other revenues pertaining to the following periods or fiscal years.

The deferred income increases are generated by receipts during the current period for the future periods, whereas the decreases are transfers from the deferred income to the incomes of current periods.

Reporting deferred income takes into consideration:

- the amounts to be carried over within a period of less than one year;
- the amounts to be carried over within a period in excess of one year.

As at 31.12.2019, the balance of CN AB SA under the “Deferred income” item was 612,127 lei, an increase by 329,908 lei from 2018.

This balance originates from the advance payments made for the airport parking spots and pertaining to the year 2020.

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Explanatory note no. 9 – Shareholders' equity

9.1. Shareholders' equity

The **shareholders' equity** represents the shareholders' residual equity interests in the Company's assets after deducting all of its liabilities, namely the Company's wealth.

According to item 148 in the Accounting regulations compliant with IFRS and approved by OMFP no. 2844/2016, shareholders' equity comprises:

- Subscribed share capital paid;
- Revaluation reserves;
- Reserves;
- Profit or loss carried forward;
- Fiscal year profit or loss.

In elaborating the annual financial statements, the company adopted the financial concept of capital.

According to this concept, capital is synonymous with the entity's net assets or shareholders' equity.

The evolution of shareholders' equity as at 31.12.2017, 31.12.2018 and 31.11.2019 is the following:

Year	2017	2018	2019
Shareholders' equity element			
Share capital	143,772,150	143,772,150	143,772,150
Share capital adjustments – application of IAS 29	64,277,781	64,277,781	64,277,781
Other shareholders' equity elements	-31,761,842	-62,366,975	-76,738,949
Revaluation reserves	117,080,820	252,689,897	325,323,842
Legal reserves	28,754,430	28,754,430	28,754,430
Other reserves	3,041,547,852	2,920,327,300	2,946,623,801
Balance carried forward, except for the balance carried forward on the first adoption of IAS 29	353,248,029	320,656,251	382,963,716
Balance carried forward on the first adoption of IAS 29	76,796,989	73,265,740	69,971,394
Fiscal year profit	290,685,038	371,822,393	359,617,321
TOTAL SHAREHOLDERS' EQUITY	4,084,401,247	4,113,198,967	4,244,565,487

9.2. Share capital

The subscribed share capital and the paid share capital are distinctly entered in the accounting records, based on the legal entity's articles of incorporation and the supporting documents on capital deposits made as part of the establishment and the capital increase.

The analytical accounting of share capital is conducted by individual shareholder, comprising the number and nominal value of the subscribed and paid shares or equity shares.

The Company's initial share capital amounts to 143.772.150 lei, being fully subscribed and paid on the Company establishment date, 80% of it held by the Romanian state, represented by the Ministry of Transportation, and 20% by Fondul Proprietatea. From establishment to 31.12.2016, no changes were brought to either the share capital or its structure.

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The initial share capital is divided into 14,377,215 nominal shares, each with a nominal value of 10 lei, held as follows:

- a) 11,501,772 shares by the Romanian state, represented by the Ministry of Transportation and Infrastructure;
- b) 2,875,443 shares by Fondul Proprietatea.

The Company's share capital was created by taking over the share capital of National Company "Aeroportul Internațional Henri Coanda – București" S.A. and that of National Company "Aeroportul Internațional București Băneasa – Aurel Vlaicu" S.A., according to the financial statements drawn up on 05.02.2010.

The share capital value is distinctly presented in the statement of financial position and the statement of changes in own equity. The main operations entered in the accounting records in terms of share capital increase are: the subscription and issuance of new shares, the registration of reserves and other operations, according to the law. The main operations entered in the accounting records in terms of share capital decrease are, primarily, the following: decreasing the number of shares or equity shares or lowering their nominal value following the withdrawal of shareholders, redeeming shares, covering accounting losses from previous years or other operations, as provided by the law.

The derecognition of a good which constituted a share capital contribution does not modify the share capital, except for the cases provided by the legislation in force. In all cases of changes brought to the share capital, they shall take place pursuant to a decision by the shareholders' general assembly, in compliance with the legislation in force.

The value of share capital adjustments is distinctly entered under account 1028 "Adjustments to the share capital/state-owned equity plus assets", and concerns differences from inflation adjustments, pertaining to the share capital. These share capital adjustments, as a result of applying the IFRS, do not affect the company's subscribed share capital. The differences resulted from adjustments made following the application of IAS 29 were reflected in account 118 "Balance carried forward on the first adoption of IAS 29". Since the share capital was subscribed before 2003, a period throughout which Romania was a hyperinflationary economy, the company recorded share capital value differences originating from hyperinflation adjustments, amounting to 64,277,781 lei. The adjustment was performed on 31.12.2014.

The Company's shares subscribed and fully paid by the shareholders are nominal shares, of equal value and granting their owners equal rights.

As per SGEA (Shareholders' General Extraordinary Assembly) Decision no. 10/06.11.2018, item 3, a share capital increase by a maximum value of 336,462,600 lei was unanimously (100%) approved, representing a contribution in kind in the form of the lands for which land ownership certificates no. M09-0733/04.04.2000, M09-0794/04.10.2001 and M09-0795/04.10.2001 were issued, amounting to 269,170,080 lei, and a cash contribution amounting to 67,292,520 lei, from the current value of 143,772,150 lei to the maximum value of 480,234,750 lei, through the issuance of a maximum number of 33,646,260 new dematerialised nominal shares, at a value of 10 lei/share (excluding the issuance premium), of which:

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- 26,917,008 new shares amounting to 269,170,080 lei and representing the Romanian state's contribution in kind via the Ministry of Transportation, in the form of lands for which land ownership certificates were obtained. The value of the lands provided as contribution in kind was determined as per assessment report no. 2016245 registered with CNAB under no. 1503/12.04.2017, a report drawn up by MAPPS-MASTER APPRAISAL SRL, following the decision of the Trade Register Office attached to Ilfov County Court.
 - 6,729,252 new shares amounting to 67,292,520 lei, to be provided, for subscription purposes, to Fondul Proprietatea shareholder, so that it should be able to maintain its participations in the company's share capital, according to art. 216 in Law no. 31/1990. Fondul Proprietatea shareholder may exercise its right of first refusal within 60 days from the date when the SGEA Decision has been published in the Official Gazette, Part IV. Following the expiration of this deadline, the unsubscribed shares shall be cancelled.

As per SGEA Decision no. 10/06.11.2018, item 4, the company's Management Board was unanimously (100%) mandated, in accordance with the provisions of art. 114 par 1 in Law 31/1990, to carry out any and all the formalities required to fulfil the SGEA decision, including, without limitation to, **ascertaining and validating subscriptions**, cancelling the unsubscribed shares, **registering and operating the share capital increase**, amending accordingly the articles of incorporation of CN AB SA after setting forth the actual value by which the share capital will increase, drawing up and signing all the documents and carrying out any formalities required to operate and register the share capital increase with the competent authorities. SGEA Decision no. 10/06.11.2018 was published in the Official Gazette no. 44/07.01.2019, Part IV.

On 17.01.2019, Fondul Proprietatea SA, according to payment order no. 2019117113550916, transferred to CN Aeroporturi București SA the amount of 67,292,520 lei representing "the payment for share capital increase subscription of 6,729,252 Shares x 10 Ron/Share - participation to be maintained acc. to SGEA decision no. 10 from 06.11.2011" (PO attached to the present notice). This amount was received into the CN AB SA account as per bank statement no. 4790 from 18.01.2019. In September 2019, the amount of 6,729,252 was returned to Fondul Proprietatea as per bank statement 19269/26.09.2019.

In accordance with the provisions of art. 219 par. 1 in **Companies Law no. 31/1990, as subsequently amended and supplemented**, "The decision of the general assembly regarding the increase of share capital shall be effective only to the extent to which it is fulfilled within one year from the date it was passed".

In November 2019, a new CN AB SA share capital revaluation procedure was commenced, for the AIBB-AV place of business, according to par. 4 in MB (*Management Board*) Decision no. 20/19.11.2019 which, as per SGEA Decision no. 14/24.09.2019, ruled that *"the revaluation be redone in observance of the legal provisions and, as the case may be, the lands proposed for the share capital increase be evaluated"*.

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9.3. Revaluation reserves

The evolution of the balances of the “Revaluation reserves” account, in line with IFRS, as at 31.12.2017, 31.12.2018 and 31.12.2019, is as follows:

Year	2017	2018	2019
Revaluation reserves	according to IFRS	according to IFRS	according to IFRS
Initial balances	156,986,133¹	117,080,820²	252,689,897
Increases, of which:	23,988,448	217,991,169	194,690,667
adoption of IFRS	44,717,673		
Decreases, of which:	63,893,761	82,382,092	122,056,722
adoption of IFRS	56,516,563		
Balances as at December 31, according to IFRS	117,080,820	252,689,897	325,323,842

9.4. Reserves

The accounting records of reserves are held by reserve category: legal reserves, statutory or contractual reserves and other reserves.

The company has set up:

- Legal reserves and
- Other reserves.

9.4.1 Legal reserves

The company set up its legal reserve, over the years prior to 2019, according to the provisions of art. 183 par. (1) in Law no. 31/1990, as subsequently amended and supplemented, namely *(1) The company shall take at least 5% of the profits every year, in order to form the reserve fund until it amounts to a minimum of a fifth part of the share capital.*

The legal reserve is **28,754,430** lei, which represents 20% of the 143,772,150 lei share capital. The legal reserves can only be used under the conditions provided by the law.

9.4.2 Other reserves

As at 31.12.2019, the balance of account 1068 “Other reserves” is **2,946,623,801** lei and comprises:

a) The amount of 176,909,318 lei, which includes the amounts allotted as own funding sources from the net profit, in the account “Other reserves” – analytical and distinctive, pursuant to art. 1 par. (1) let. g) in Ordinance no. 64/2001, as subsequently amended and supplemented, between the establishment date of National Company Aeroporturi București SA and December 31, 2019, as follows:

¹ The balance as at 01.01.2017, according to IFRS, and equal to the balance as at 31.12.2016, according to IFRS

² The balance as at 01.01.2018, according to IFRS, and equal to the balance as at 31.12.2017, according to IFRS

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Other reserves (account 1068)	Initial balance as at 01.01.2019	Distribution of dividends 2019	Distribution from the fiscal year net profit	Final balance as at 31.12.2019
OTHER RESERVES, FISCAL REGULATIONS SPECIFIC TO CORPORATE INCOME TAX	24,769,359			24,769,359
OTHER RESERVES, FISCAL REGULATIONS ACC. TO GD 64/PCT C_FF 2004	8,948,105			8,948,105
Other reserves - exchange rate differences	6,626,031			6,626,031
Other reserves - 2003	5,552,947			5,552,948
Other reserves - miscellaneous	25,979,454	25,979,454	0	0
Other reserves - Investments acc. to GO 87/2002	14,920,383	14,920,383		
Other non-distributable reserves - Cr. Ext. F2 Extended	40,384,690	0	0	40,384,690
Other non-distributable reserves - Cr. Ext. Phase 2	64,112,762	0		64,112,762
Other reserves - 2016	0			
Other reserves - 2018	0	30,880,363	30,880,363	0
Reserves for 2005 corporate income tax, TF (<i>trust fund</i>)	12,763,825			12,763,825
Reserves for 2006 corporate income tax, TF	13,751,599			13,751,599
TOTAL	217,809,155	71,780,199	30,880,363	176,909,319

b) The amount of 2,769,714,482 lei pertaining to account 1068.4881 – other reserves for share capital increase, present on the balance sheet as at 31.12.2019, appear as follows:

Other reserves (Băneasa land)	Debt adjustments	Credit adjustments
Adjustment acc. to IAS 29 for the account Other reserves for share capital increase - Băneasa Lands Total	0	25,396,093
Reclassification of lands received in order to increase share capital in Other Reserves Total	0	52,148,613
Revaluation reserve for Băneasa Lands 2014 (Romlider) and 2019 (Androniu) - Total		2,692,169,776
Final balance as at 31.12.2019		2,769,714,482

9.5. Balance carried forward

9.5.1 Balance carried forward, except for the balance carried forward on the first adoption of IAS 29

The company emphasized in account 117 the Balance carried forward, except for the balance carried forward on the first adoption of IAS 29:

- Balance carried forward from the correction of accounting errors (A/L) (*assets/liabilities*)
- Balance carried forward representing surplus from revaluation reserves (L)
- Balance carried forward from switching to the application of IFRS, less IAS 29 (A/L)

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By restating the information recorded in account 117 - Balance carried forward, except for the balance carried forward on the first adoption of IAS 29, the balance as at 31.12.2019 was **486,144,737** lei.

The progress status of the balance carried forward (117) in 2019 is as follows:

No.		Balance	Increases	Decreases	Balance
		01.01.2019			31.12.2019
1	Balance carried forward from the correction of accounting errors, of which: application of IFRS	-868,040	-113,367		-981,407
2	Balance carried forward representing the surplus from revaluation reserves, of which IFRS	90,808,998	59,126,487		149,935,485
3	Balance carried forward from switching to the application of IFRS, less IAS 29, of which IFRS	206,077,015			206,077,015
4	Earnings as per IAS29 - as part of a carried forward balance drawn up for amortised fixed assets	24,638,278	3,294,346		27,932,624
5	TOTAL	320,656,251	62,307,466	0	382,963,717

9.5.2 Balance carried forward on the first adoption of IAS 29

The company recorded in account 118 the Balance carried forward on the first adoption of IAS 29 (A/L), inflation-adjusted due to the fact Romania had a hyperinflation-marked economy until 31.12.2003.

As a result of applying IAS 29, the balance of account 118 is 69,477,766 lei, all the inflation adjustments being performed on the balances as at 31.12.2014 and the transfer of the earnings, according to IAS 29, under the Balance carried forward being done for fixed assets amortised / disposed of in 2019 and amounting to 3,294,346 lei, in correspondence with account 1175.

Account designation	Account symbol	Credit initial balance 01.01.2019	Debt current rollovers	Credit current rollovers	Credit final balance 31.12.2019
Balance carried forward on the first adoption of IAS 29 – Share capital	118.1	64,277,781			64,277,781
IAS 29 - Lands][Otopeni][Land/ Otopeni - GD 834/1991; MO 9-0751/31.10 2000, Area = 4,526,026.3926 sq m)(following the 2017 inventory - adjustment 2911(-4812.54 sq m = 4,521,213.85 sq m) (following the 2019 investment = 4,522,833.50 sq m)	118.2.2.258 1.3764	99,393,840			99,393,840

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IAS 29 - Lands] [Otopeni] [Land/Eforie Sud - Area = 962.77 sq m (following the 2019 investment = 963.00 sq m)	118.2.2258 13766	20,053		20,053
IAS 29 - Lands] [Otopeni] [Land/Otopeni - Sale/Purchase Agreement no. 434/28.03.2000, Area = 47,700 sq m (following the 2017 investment – 47,735 sq m)	118.2.2.258 13763	294,797		294,797
IAS 29 - Lands] [Otopeni] [Land/Otopeni - GD 834/1991; MO 9-0684/15.01.1999, Area = 47,774.74 sq m (following the 2019 investment = 47,775.00 sq m)	118.2.2.258 13762	455,655		455,655
IAS 29 - Lands] [Otopeni] [Land/Otopeni/(Shell) - Sale/Purchase Agreement no. 1146/27.05.1996, Area = 5000 sq m	118.2.2.258 13761	36,998		36,998
IAS 29 - Lands] [Otopeni] [Land/Otopeni/(Shell) - Sale/Purchase Agreement no. 1177/29.04.1996, Area = 5000 sq m	118.2.2.258 13760	37,048		37,048
IAS 29 – Tangible assets	118.2.3	37,299,346	3,294,346	34,005,000
Balance carried forward on the first adoption of IAS 29 – Financial fixed assets DNATA CATERING S.R.L.	118.3.1100 167	5,784		5,784
TOTAL		69,971,394	3,294,346	69,971,394

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Explanatory note no. 10 – Revenues

IFRS 15 apply in the accounting of revenues generated from the following transactions and events:

- (a) the sale of goods;
- (b) the provision of services; and
- (c) the use by third parties of the entity's assets that generate interest, royalties and dividends.

Revenues are increases of economic benefits recorded throughout the accounting period, in the form of receipts or increases of assets or decreases of liabilities, which materialise as shareholders' equity increases, different from those resulted from shareholders' contributions.

Revenues are acknowledged in the profit and loss account when it is possible to credibly evaluate an increase of future economic benefits in relation to the value increase of an asset or the value decrease of a liability. The acknowledgement of revenues is performed concurrently with acknowledging the asset increase or liability decrease (for example, the net increase of assets resulted from the sale of goods or services, or a decrease of liabilities following the cancellation of a debt).

The category of revenues includes both the amounts or the values received, or to be received, on somebody's own account, from ongoing activities, and earnings from any other sources.

Ongoing activities are any activities carried out by the Company, as an integral part of its scope of business, as well as activities related to them.

The accounting records of revenues are held by revenue type, according to their nature, as follows:

- a) operating income; and
- b) financial income.

The operating income of CNAB SA comprises:

- a) Revenues from services rendered;
- b) Revenues from leases;
- c) Revenues from the sale of goods;
- d) Revenues from sundry activities;
- e) Revenues from the sale of residual products;
- d) Other operating income.

Turnover represents the amounts resulted from the sale of products and the provision of services falling under the Company's current activity, after the deduction of commercial discounts and the value added tax, as well as of other duties directly related to turnover.

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10.1. Revenues from customer contracts (provisions of airport services, sales of goods and other revenues identified as turnover):

The revenues from provisions of airport and similar services comprise as follows:

No.	Revenues from provisions of services	Years		Dynamic
		2019	2018	
0	1	2	3	4=2/3*100
1	Aircraft landing	137,727,785	130,685,853	105.39
2	Light signalling	38,371,535	37,938,520	101.14
3	Passenger boarding	434,264,137	397,142,164	109.35
4	Jet bridge operation	14,304,776	13,211,288	108.28
5	Assistance services for persons with reduced mobility	10,599,010	9,787,771	108.29
6	Passenger security services	205,768,114	214,198,496	96.06
7	Parking at Aurel Vlaicu	6,263,881	5,280,589	118.62
	TOTAL	847,299,238	808,244,680	104.83

The revenues from the sale of goods include the following:

No.	Revenues from the sale of goods	Years		Dynamic
		2019	2018	
0	1	2	3	4=2/3*100
1	Revenues from the sale of residual products - waste	40,043	7,259	551.66
2	Revenues from the sale of goods - fuels	1,721,716	2,019,069	85.27
	TOTAL	1,761,759	2,026,327	86.94

Other revenues identified as turnover comprise the following:

No.	Other revenues identified as turnover	Ani		Dynamic
		2019	2018	
0	1	2	3	4=2/3*100
1	Revenues from royalties, leases and rentals, of which:	102,828,838	84,990,903	120.99
1.1	Joint venture	70,683,781	56,843,231	124.35
1.2	Lease - Business activities	6,328,905.58	6,152,049	102.87
1.3	Lease - Offices	6,268,290.97	5,333,231	117.53
1.4	Lease - Spaces	3,350,665	1,419,563	236.03

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1.5	Lease - Lands	9,879,882	9,916,647	99.63
1.6	Lease - Miscellaneous	6,317,314	5,326,183	118.61
2	Revenues from sundry activities	89,245,381	77,670,831	114.90
2.1	Activities related to airport security	1,361,847	1,157,378	117.67
2.2	Airport activities	5,315,039	4,027,239	131.98
2.3	Handling services	10,142,089	10,008,074	101.34
2.4	Leases on parking spots, public transport stops	1,856,451	1,521,105	122.05
2.5	Public parking lot	23,051,907	23,156,172	99.55
2.6	Hospitality services	3,127,400	2,164,089	144.51
2.7	Advertising services	8,115,898	7,125,157	113.90
2.8	Business Class Lounge services	28,538,423	21,373,354	133.52
2.9	Sundry activities	7,736,327	7,138,263	108.38
	TOTAL	192,074,219	162,661,734	118.08

10.2. Other operating income

No.	Other operating income	Years		Dynamic
		2019	2018	
0	1	2	3	4=2/3*100
1	Revenues from revaluation of intangible and tangible assets	104,927	-	N/A
2	Revenues from indemnifications and penalties	8,948,576	3,293,842	271.67588
3	Revenues from received donations	54,369	54,074	100.5454695
4	Income from the sale of intangible and tangible assets and other capital transactions	4,667	-	N/A
5	Other operating income	794,992	521,561	152.4252583
6	Foreign exchange gains	7,528,857	5,284,226	142.4779303
	TOTAL	17,436,387	9,155,726	190.4644988

The **financial income** of CNAB SA comprises:

- a) Income from equity interests;
- b) Interest income;
- c) Other financial income.

10.3. Financial income

No.	Financial income	Years		Dynamic
		2019	2018	
0	1	2	3	4=2/3*100
1	Revenues from shares on associated entities	6,092,899	5,862,310	103.93
2	Interest income	4,028,541	2,096,745	192.13
3	Other financial income	-	252	N/A
	TOTAL	10,121,441	7,959,308	127.16

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In terms of structure, the revenues achieved in 2019, when compared with 2018, are reported as follows:

Income	31.12.2019	31.12.2018
Revenues from provisions of airport and similar services	847,299,238	808,244,680
Revenues from the sale of goods	1,761,759	2,026,327
Other revenues identified as turnover	192,074,219	162,661,734
Income related to costs of stocks of products (D)	-26,134	33,364
Other operating income	17,436,387	9,452,096
TOTAL OPERATING INCOME	1,058,545,469	982,418,201
Financial income	10,121,441	7,959,308
Income from deferred corporate tax	29,288,074	7,311,414
TOTAL INCOME	1,097,954,984	997,688,923

Explanatory note no. 11 – Expenses

Expenses are decreases of economic benefits recorded throughout the accounting period, in the form of releases or decreases of the value of assets or increases of liabilities, which materialise as shareholders' equity decreases, different from those resulted from distributing them to the shareholders.

Expenses are acknowledged in the profit and loss account when it is possible to credibly evaluate a decrease of future economic benefits in relation to the value decrease of an asset or the value increase of a liability. The acknowledgement of expenses is performed concurrently with acknowledging the value increase of liabilities or the value decrease of assets (for example, accrued salary entitlements or equipment depreciation).

The Company's expenses are the amounts paid or to be paid for consumptions of stocks and services rendered, which it benefits from, as staff expenditure and in order to fulfil legal or contractual obligations etc.

The accounting records of expenses are held by expense type, according to their nature, as follows:

a) operating expenses, which comprise:

- expenses with consumables; the purchase cost of consumed inventory items; the purchase cost of materials not in inventory, directly entered under expenses; the equivalent value of the energy and water consumption; the value of biological assets identified as stocks; the cost of sold goods and packaging;
- expenses with third-party services, royalties, leases and rentals; insurance premiums; study and research; expenses with other third-party services (collaborators); commissions and fees; hospitality, promotion and advertising expenses; cargo and passenger transportation; trips, deployments and transfers; postage and telecommunications costs, banking services and others;

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- staff expenditure (salaries, social security and welfare and other staff-related costs borne by the entity);
- other operating expenses (environmental protection expenses, pertaining to the period; losses from receivables and sundry debtors; indemnifications, fines and penalties; donations, sponsorships and other similar expenses; expenses with assets disposed of and other capital transactions; receivables time-barred according to the law; greenhouse gas emission certifications purchased in line with the legislation in force and the costs of which can be determined, pertaining to the current period, etc.); and

b) financial expenses, which comprise: losses from receivables related to participations; expenses with financial investments disposed of; unfavourable foreign exchange differences; interests concerning the ongoing fiscal year; discounts granted to customers, losses from financial claims and others.

In 2019, when compared with 2018, the statement of company expenses appears as follows:

EXPENSE	31.12.2019	31.12.2018
Expenses with raw materials, consumables and merchandise	21,027,344	23,128,030
Staff expenditure	234,968,552	215,507,060
Value adjustments related to assets	139,694,369	93,916,339
Other operating expenses	260,343,312	204,256,720
TOTAL OPERATING EXPENSES	656,033,977	536,808,149
Financial expenses	1,550,668	13,504,520
Expenses with the current corporate income tax	80,753,025	75,255,473
TOTAL EXPENSES	738,337,670	625,568,142

11.1. Expenses with raw materials and other materials:

No.	Expenses	Years	
		2019	2018
1	Merchandise	1,585,471	1,864,779
2	Inventory items	1,512,290	1,452,321
3	Other consumables	8,665,447	8,544,031
4	Fuel consumption	2,669,744	3,109,378
5	Expenses with spare parts	6,594,391	8,157,521
	TOTAL	21,027,344	23,128,030

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11.2. Staff expenditure

No.	Expenses	Years	
		2019	2018
1	Salaries	184,190,863	170,292,676
2	Civil contracts	-	-
3	Social charges and contributions	9,547,065	8,281,275
4	Other benefits	38,154,238	32,051,994
5	Provisions for post-employment benefits	3,076,386	4,881,115
	TOTAL	234,968,552	215,507,060

11.3. Other operating expenses

No.	Expenses	Years	
		2019	2018
1	Utilities	20,173,123	17,145,133
2	Repairs	75,329,073	68,054,861
3	Leases	3,301,832	2,932,502
4	Insurances	2,177,605	2,031,719
5	Commissions	2,238,731	2,899,756
6	Advertising	139,484	97,980
7	Trips and transportation	1,089,458	948,327
8	Postage and telecommunications	184,530	444,784
9	Other third-party services	76,393,596	58,626,177
10	Taxes to the state budget	25,257,114	20,033,105
11	Environmental protection	852	233
12	Losses from disposals of assets	810,618	132,599
13	Losses from, and adjustments for, doubtful debts	2,770,050	2,133,328
14	Inventory adjustments	-	-
15	Other provisions	24,523,987	2,328,729
16	Miscellaneous	21,945,706	20,573,869
17	Foreign exchange losses	4,007,952	5,873,618
	TOTAL	260,343,712	204,256,720

11.4. Financial expenses

No.	Expenses	Years	
		2019	2018
1	Interest expenses – retirements benefits for salaried employees	1,550,668	-
2	Financial expenses with adjustments for impairments of financial assets	-	13,504,520
	TOTAL	1,550,668	13,504,520

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Explanatory note no. 12 – Affiliated parties

The parties are considered affiliated when one of them has the capacity of controlling/significantly influencing the other party, by way of ownership. The company does not exercise control over any of the companies in which it holds equity.

Company designation	Nature of the relationship	Type of transactions	Country of origin	Registered office
Dnata Catering		Sales of services	Romania	Romania
Compania Romprest Service SRL		Sales of services	Romania	Romania
Globe Ground		Sales of services	Romania	Romania
Compania Națională de Transporturi Aeriene SA (<i>Romanian Air Transport</i>)		Sales of services	Romania	Romania
Bucharest Tourism Board		No transactions on record	Romania	Romania
Bucharest International Cargo Center	Related party	Sales of services	Romania	Romania
National Investment Company	Related party	No transactions on record	Romania	Romania
Romanian Airport Services	Related party	Sales of services	Romania	Romania
Regional Centre for Excellence in Civilian Aviation	Related party	No transactions on record	Romania	Romania

Amounts payable to, and receivable from, affiliated entities and other related parties

(i) Receivables from affiliated entities / other related parties:

	Balance as at December 31, 2019	Balance as at December 31, 2018
Affiliated entities		
Other related parties		
Bucharest International Cargo Center	73,536	49,201
National Investment Company	-	-
Globe Ground Romania SRL	666,666	461,498
Dnata Catering SA	836,831	722,597
Romprest Service SA	819,494	833,218
Bucharest Tourism Board	-	-
Romanian Airport Services	526,322	650,872
Compania Națională de Transporturi Aeriene SA	21,435,861	19,185,247
Regional Centre for Excellence in Civilian Aviation	-	-
Total	24,358,710	21,902,633

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(ii) Payables to affiliated entities / other related parties

	Balance as at December 31, 2019	Balance as at December 31, 2018
Affiliated entities		
Other related parties		
Bucharest International Cargo Center	-	-
National Investment Company	-	-
Globe Ground Romania SRL	-	-
Dnata Catering SA	1,579,508	871,994
Romprest Service SA	-	-
Bucharest Tourism Board	-	-
Romanian Airport Services	-	-
Compania Națională de Transporturi Aeriene SA	3,283	2,489
Regional Centre for Excellence in Civilian Aviation		
Total	1,579,508	871,994

Information related to transactions with affiliated entities and other related parties

(i) Sales of goods and services and/or fixed assets

	Balance as at December 31, 2019	Balance as at December 31, 2018
Affiliated entities		
Other related parties		
Bucharest International Cargo Center	151,744	216,440
National Investment Company	714	933
Globe Ground Romania SRL	5,170,518	5,101,031
Dnata Catering SA	2,863,424	3,269,218
Compania Romprest Service SA	4,648	184,148
Bucharest Tourism Board	-	-
Romanian Airport Services	3,782,482	6,039,852
Compania Națională de Transporturi Aeriene SA	157,011,816	147,102,210
Regional Centre for Excellence in Civilian Aviation	-	-
Total	168,985,346	161,913,832

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(ii) Procurements of goods and services

	Balance as at	Balance as at
	December 31, 2019	December 31, 2018
Affiliated entities		
Other related parties		
Bucharest International Cargo Center	52,492	-
National Investment Company	-	-
Globe Ground Romania SRL	2,966	7,314
Dnata Catering SA	14,689,310	8,848,518
Campania Romprest Service SA	1,738,842	4,550,973
Bucharest Tourism Board	-	-
Romanian Airport Services	-	-
Compania Națională de Transporturi Aeriene SA	36,443	45,779
Regional Centre for Excellence in Civilian Aviation	-	-
Total	16,520,053	13,452,584

The transactions with affiliated parties are represented by ongoing operations of the airport and were conducted at the market prices or at the airport's listed priced.

The wages granted to the Management Board and the Top Management (according to IAS 24 – Key personnel) are presented in the following table

Category	Average number of personnel		Executed salary fund	
	2018	2019	2018	2019
1. Total employees, of which:	1,447	1,432	169,831,350	183,760,119
Management personnel	10	12	2,608,966	3,450,912
Operating personnel	1,437	1,420	167,222,384	180,309,207
2. General Manager	1	1	390,096	429,280
3. Management Board and SGA	7	7	647,271	936,089

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Explanatory note no. 13 – Events occurred subsequent to the balance sheet date

According to **IAS 10** – the events subsequent to the balance sheet date are both those favourable and those unfavourable events that take place between the balance sheet date and the date when the financial statements are authorised for publication.

Two types of events subsequent to the balance sheet date are identified, as follows:

- those which substantiate the existence of certain conditions / circumstances as at the balance sheet date (events subsequent to the balance sheet date, which require adjustments);
- those which indicate circumstances that occurred subsequent to the balance sheet date (events subsequent to the balance sheet date, which do not require adjustments).

The status of the company's operational activity, generated against the pandemic backdrop, was strongly affected, and this negative impact was reflected into the monthly revenues, the company's revenues recorded as at 30.04.2020 showing a decrease by 127,399,391 lei (-39.0%) from the same period of last year.

For the year 2020, the P&L projection in the COVID-19 context, adjusted according to the traffic estimates made available by ACI, CNAB expects lower revenues compared with 2019, by an absolute amount between 472,740,339 (optimistic forecast) and 685,550,376 (pessimistic forecast).

In regard to the main measures taken by the company in order to mitigate the effects of the pandemic, CNAB did take a series of measures falling under the best practices recommended by the specialised bodies. The measures focused, on the one hand, on lowering the monthly expenditure and, on the other hand, on keeping the airport operational 24/7, keeping in mind that CNAB is a public utility objective and the largest entry gate into the country. Below you will find a brief list of the main measures taken:

- the temporary switching-off of certain items of equipment and facilities in order to reduce maintenance costs;
- within areas where the passenger processing activity is no longer carried out, the lighting level was limited as low as the safety and security ones, so that lowering consumptions should be possible;
- the restructuring of passenger flows aimed at preventing virus contamination and spread;
- the facilities required to optimise access to the CNAB computer systems and make it possible to work from home were implemented as a matter of urgency;
- during the state of emergency, a decision was passed to organise the activity via work from home, for certain categories of personnel;
- the partial reduction of leases for areas that were closed or became unusable following the decrease of airport activities, as well as of leases pertaining to activities taking place in order to ensure continuity for airport operations, thus securing a foundation required for a post-crisis relaunch and avoiding the risk of having contracts terminated (specific contracts with a low number of market players – rent-a-car, luggage wrapping, handling, etc., but a very high level of leases (between 500 €/sq m and 11,200 €/sq m)).

CHIEF FINANCIAL OFFICER

Signature: [illegible]

Stamp: [NATIONAL COMPANY
AEROPORTURI BUCUREȘTI]

HEAD OF THE ACCOUNTING SERVICE

Signature: [illegible]