

Stamp: [NO. 168 / 19 APR. 2021]

To be presented for favourable endorsement
during the Management Board meeting from

To be presented for approval
during the SGA meeting from

Cosmin - Cătălin PEȘTEȘAN
General Manager
Signature: [illegible]
[19.04.2021]

CNAB SA ADMINISTRATORS' REPORT
on the financial statements as at December 31, 2020
drawn up pursuant to the provisions of Order of the Minister of Public Finance (OMFP) no. 2844/2016

A. STATEMENT ON FINANCIAL MATTERS (OMFP 2844/2016)

I. COMPANY ADMINISTRATION

C.N. Aeroporturi București S.A., set up as a joint-stock company, operates as a Romanian legal entity, with its headquarters at 224E Calea Bucureștilor str., Otopeni, Ilfov County. The Company was constituted pursuant to GD no. 1208/07.10.2009 by means of a merger between National Company "Aeroportul International Henri Coanda – București" S.A. and National Company "Aeroportul International București Băneasa – Aurel Vlaicu" S.A.

National Company "Aeroporturi București" S.A. (CNAB) has, as its main scope of business, the rendering of deliverables and services, the performance of operating, management, maintenance, repair, development and upgrading works on the items among its assets, items which it either owns or leases, in order to ensure the proper safety and security conditions required for the arrival, departure and on-the-ground handling of aircraft engaged in national and/or international air traffic, the provision of airport services for the transfer of persons, cargo and mail, as well as national public interest services.

National Company "Aeroporturi București" S.A. (CNAB) is a joint-stock majority state-owned trading company, organised and operating based on economic management and in accordance with its articles of incorporation. The amount of the share capital subscribed and paid, as at December 31, 2020, was 143,772,150 lei, representing 14,377,215 shares. All the shares are ordinary, were subscribed and paid-up as at December 31, 2020. All the shares are accompanied by the same voting right and have a nominal value of 10 lei/share.

The Shareholding structure as at December 31, 2020 appears as follows:

	Number of shares	Amount	Percentage
		(lei)	(%)
Ministry of Transportation	11,501,772	115.017.720	80
Fondul Proprietatea	<u>2,875.443</u>	<u>28.754.430</u>	20
Total	<u>14,372,215</u>	<u>143.772.150</u>	<u>100</u>

Within CNAB, Bucharest - Henri Coandă International Airport (AIHCB) and Bucharest Băneasa - Aurel Vlaicu International Airport (AIBB) operate as places of business. During the year 2020, the company leadership was secured as follows:

- IVAN GEORGE ALEXANDRU – General Manager – 25.04.2019 - 28.01.2020, appointed pursuant to MB (Management Board) Decisions no. 8/25.04.2019, 12/01.08.2019 and 15/06.09.2019;
- FLORIN DIMITRESCU – General Manager – 28.01.2020 - 01.02.2021, appointed pursuant to MB Decisions no. 2/28.01.2020, 9/21.07.2020.

At the end of the 2020 fiscal year, the Management Board comprised 7 members. In 2020, the administrators' activity was particularly focused on the following aspects:

- Securing the continuity of operations under safe conditions, aiming to decrease the losses caused by the COVID-19 pandemic
- Managing effectively the company's assets and liabilities and lowering the risks generated by a decrease of monetary resources against the pandemic background
- Executing the income and expenditure budget
- Promoting a commercial policy that seeks to retain current contractual relations
- Modern, cautious and high-performing management

As at 01.01.2020, the membership of CNAB Management Board, appointed pursuant to SGOA (Shareholders' General Ordinary Assembly) Decisions no. 12/03.09.2019, 13/24.09.2019, 15/14.10.2019, 18/10.12.2019 and 19/20.12.2019, was the following:

1. BUMBAC GEORGETA
2. ȘIRBU OVIDIU MARCEL
3. GHEORGHE DAN VALENTIN
4. IONIȚĂA ȘTEFAN
5. MACOVEI CORINA ANCA
6. NEDELICU CORVIN
7. POPOVICI NICOLAE CRISTIAN

As at 31.12.2020, the membership of CNAB Management Board, appointed pursuant to SGOA Decisions no. 10/09.10.2020 and 11/ 02.01.2020, was the following:

1. FLORESCU ADRIAN
2. MIHALȚAN COSMIN
3. NEDELICU CORVIN
4. PEȘTEȘAN COSMIN CĂTĂLIN
5. PLĂIAȘU GABRIEL
6. RAICU MIRCEA
7. DIACONU CĂTĂLIN

II. GENERAL INFORMATION REGARDING THE ECONOMIC ENVIRONMENT IN 2020

The Gross Domestic Product achieved in Romania in 2020 showed a decrease – in real figures – by 3.9% compared with 2019, according to the data provided by the National Institute of Statistics. The monthly average inflation rate in 2020 was 2.6 %.

The monthly consumer-price index was, in December 2020, as opposed to December 2019, as follows:

Ongoing period	Reference period	TOTAL CPI (%)	Food commodities CPI (%)	Non-food commodities CPI (%)	Services CPI (%)
December 2020	December 2019	102.06	103.24	101.01	102.69

The average exchange rate for 2020 was 4.8371 Lei/Euro and 4.2440 Lei/USD, respectively, and 4.7452 Lei/Euro and 4.2379 Lei/USD, respectively for 2019. As opposed to 2019, the Leu showed an upward trend of -1,93% in relation to the EURO and of -0.14% in relation to the USD.

III. COMPANY ACTIVITY IN 2020

III.1 AIRPORT DEVELOPMENT

A. Strategic Program for Airport Infrastructure Development at AIHCB

The Strategic Program for Airport Infrastructure Development at AIHCB was defined and approved pursuant to Romanian Government Ordinance no. 64/1999, approved with amendments and additions by Law 220/2002, as subsequently amended and supplemented.

Current status (according to GOG64/1999 timescale):

- **Stage I** - Approval of the Zoning Urban Plan — **implemented**;
- **Stage II** - Development of the activities precursory to the Strategic Program for Airport Infrastructure Development:
 - **Stage II.1** - Drawing up and approval of the feasibility studies – **implemented as per GD 655/29.08.2018** (approval of the technical and economic indicators for the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective of national interest and public utility);
 - **Stage II.2** - Drawing up and approval of the technical and economic documentations for the approved feasibility studies – **implemented as per GD 799/2019** on commencing the land expropriation procedures for the real estate units under civilian property, which constitute the expropriation path spanning across the location of the public utility work of national interest regarding the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective;
 - **Stage II.3 - completed** – “The purchase of the lands required to implement the approved investment objective and their removal from agricultural use, as the case may be”.

2020 endeavours:

1. Land expropriation (Stage II.3)

In order to implement GD no. 799/2019, CNAB is carrying out the land expropriation process for the real estate units under civilian property, which constitute the expropriation path spanning across the location of the public utility work of national interest regarding the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective.

The process is taking place in compliance with Law no. 255/2010 on expropriation for public utility purposes. **From a legal standpoint, stage II.3 can be considered complete, following the transfer to the Romanian state, as per Expropriation decision no. 180/31.03.2020, of ownership over the real estate units constituting the expropriation corridor.**

Law no. 5/2020 approved the state budget for 2020, and chapter 84.01 “Transportation”, title 55 “Other transfers”, art. 55.01.12 “Investments of state-owned economic operators”, stipulates the allotment of the amount covering the indemnifications for the civilian housing units that constitute the expropriation path present on the location of the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” public utility work of national interest.

The entire amount required to pay the indemnifications, 358,212 thousand lei, approved as per Order of the Minister of Transportation (OMT) 1046/16.07.2019, was transferred to the CNAB bank account.

For the time being, the expropriation procedure formalities are in their final stages, namely the stage of granting the indemnifications through the issuance, by the committee members, of the indemnification-granting protocols and decisions.

2. Internal actions to coordinate and implement the Strategic Program

Since the fulfilment of the investment objectives within the Strategic Program entails a considerable financial effort, which cannot be covered by own funds, **discussions began with international financial bodies, commercial banks in Romania and consulting companies of international repute, in order to set up the optimum project funding and implementation method.** Their representatives validated the investment opportunity, however, considering at the same time the age of the feasibility study and the business plan pertaining to the Strategic Program, they recommended updating the documentation so that the funds required to finance the project could be accessed.

As a result, in order to be able to access the funds required to finance the Strategic Program, but also in order to adapt the Masterplan to the current context, **a proposal was made, and approved, to purchase consultancy services for drawing up the documentation required to access project funding**, according to Report AB-SSSE 350/17.12.2020. The procedure of drawing up the procurement documentation (the tender book) for the above-mentioned services is currently under way.

As far as granting the funds for the Strategic Program is concerned, the most advanced discussions were those held with the European Investment Bank, which preapproved a loan amounting to 300 mil. Euro as project funding (the funds were going to be granted under the Juncker Plan 2014-2020).

Later on, in 2020, the dialog with the EIB representatives was resumed on the possibility to fund the project, however, EIB's alignment to the objectives of the Paris Agreement (for a greener Europe – the Green Deal Pact) determined changes in the bank's loan policy, leading the EIB representatives to declare that they would no longer support investments in airport extensions throughout the 2021-2027 fiscal years, while being, however, able to finance current infrastructure investment projects covered by the 2021-2022 period.

As such, several work meetings took place between CNAB and the EIB representatives, focused on analysing the list of investment projects proposed for funding, with specific debates on each of these, in order to identify eligible projects.

3. Actions in terms of legislation

In order to update the Strategic Program implementation schedule, **CNAB commenced the efforts required to promote the draft law on amending Government Ordinance no. 64/1999** for the approval of the Strategic Program to develop the AIHC airport infrastructure; it was published on the MTIC (*Ministry of Transportation, Infrastructure and Communications*) website on 02.09.2020, for public consultation, however, the Ministry of Justice made observations and requested additional elements as part of the endorsement documentation.

The draft law was updated and resubmitted to MTIC, as part of the approval flow, on 03.12.2020, and is currently being sanctioned in order to gain legislative approval.

According to the (proposed) updated schedule, CNAB fully completed Stage II - *Development of the activities precursory to the Strategic Program for Airport Infrastructure Development* and focuses on the implementation of the final stage, namely Stage III – *Performance of the works within the Strategic Program for Airport Infrastructure Development*, with a completion deadline set for 2027.

Planned actions

- Updating the documentation required to obtain project funding (2021)
- Completing the technical and economic documentation related to the project, namely drawing the Technical Design and obtaining all the permits, approvals and authorisations required to carry out the works (2022-2023)
- Fulfilling the investment objectives while complying with the new schedule and coordinating the works with the related land and railway infrastructure projects (2024-2027)

B. Medium- and long-term development of airport infrastructure at AIBB-AV

At AIBB-AV, the following main projects are planned:

➤ **Short term – rehabilitating and re-rendering AIBB-AV functional**

Completion of investments in upgrading the main terminal - A, B and the Rotunda, the main goal of which is to secure an estimated processing capacity of at least 350,000 pax/year. Considering the need to render operational, as an urgent matter, AIBB-AV place of business, in order to identify the optimum guideline to follow in developing the short- and medium-term strategy of AIBB-AV, as well as to harness the revenue-generating potential, the Commission for coordinating the process of rendering operational and the strategic development of Bucharest Băneasa - Aurel Vlaicu International Airport was appointed as per the General Manager's Decision no. 345/29.06.2020.

As a result of the activity carried out, the *Report of the Commission for coordinating the process of rendering operational and the strategic development of the AIBB-AV objective.*

- ### ➤ **Medium- and long-term** – Elaboration of a feasibility study specific to the AIBB-AV airport infrastructure development path, for the purpose of identifying the airport infrastructure development path, in order to maximise revenues from air and non-air activities and turn AIBB-AV into a profit centre, as well as outlining the grounds for the need and opportunity for the proposed investments.

C. Research and documentation activity

The research and documentation activity takes place taking with a view to streamlining processes within the entity, operational optimisations and infrastructure improvement.

In terms of lowering epidemiological risk, SSSE has contracted audit services from international organisations specialised in the air transport industry (ACI, Skytrax), services that have both won awards for their positive results and brought along firm recommendations in terms of business continuity plans, securing comfort and health safety for passengers, in line with the overall industry regulations, specifications and best practices.

III.2 PRIVATISATION

LEGAL FRAMEWORK

- **Law no. 297/2004** on the capital market, *as subsequently amended and supplemented*;
- **Law no. 247/2005** on reforms in the areas of property and justice, and certain adjacent measures, *as subsequently amended and supplemented*;
- **Government Decision no. 574/2006** for the approval of the first stage in the strategy to privatise certain trading companies under the authority of MTCT (*Ministry of Transportation, Constructions and Tourism*), *as subsequently amended and supplemented*;
- **Government Emergency Ordinance no. 81/2007** on accelerating the procedure of granting indemnifications for abusively confiscated real estate units;
- **GD no. 1208/2009 from 07/10/2009** on setting up National Company “Aeroporturi București” - S.A. by means of a merger between National Company “Aeroportul International Henri Coanda – București” S.A. and National Company “Aeroportul International București Băneasa – Aurel Vlaicu” S.A.;
- **08.09.2016 – the Memorandum on the topic: The need to capitalise on stakes held by the state in companies**, where chapter II, item 2, for CN Aeroporturi București S.A., proposed the method of share capital increase via the issuance of new shares representing 20-25% of the company’s share capital and the case thereof by means of a primary initial public offering (IPO) carried out by SC Bursa de Valori București SA (*Bucharest Stock Exchange*), whereas the state, through the Ministry of Transportation, would continue to have a majority ownership share.
- **Law 173/2020** on certain measures intended to protect national interests throughout the economic activity.
- The Draft law which amends and supplements Law no. 173/2020 on certain measures intended to protect national interests throughout the economic activity.

2020 endeavours:

In 2020, CNAB was invited to, and took part in, the biannual events organised by Fondul Proprietatea in collaboration with Woods&Co and BVB - “Romania Investors Days”, in February and September (online), continuing to develop relations with possible investors interested in the company’s activity and financial performance.

CNAB attended with a presentation of the company, focused on the financial, commercial and operating evolution, but also a presentation of the Strategic Program for Airport Infrastructure Development at AIHCB.

III.3 THE INVESTMENT ACTIVITY

Throughout 2020, the investment activity was mainly represented by:

1. Design and execution of rehabilitation works for CR (*airstrip*) Delta, with PCN increase to the level of PDA(*take-off and landing airstrip*)1 (including the Delta-Papa-Charley intersection and broadenings within inflection areas) and related facilities – works commenced and accepted in 2020, already commissioned.
2. Modernisation of PDA2 – design and execution of works – works commenced on 21.08.2020, with a 97% works completion status declared at the end of 2020.
3. Rehabilitation of and re-rendering operational the interiors of Buildings A, B and the Rotunda at Bucharest Băneasa – Aurel Vlaicu International Airport – design and execution – works commenced in 2020, with a 57% works completion status declared at the end of 2020.
4. Rehabilitation of restrooms – detailed execution plan and execution of works – the works commenced, were completed and commissioned in 2020.

5. Execution of service and patrolling road in the area of Platform no. 1 – Airstrip N, at AIHCB – execution of works – the works commenced on 23.11.2020 and are currently completed.
6. Execution of a provisional de-icing solution loading water drainage plant at AIHCB – the works commenced and were completed in 2020
7. Building operating as an FPE (*fire prevention and extinction*) shed, with accesses and FPE water reserve, at AIBB-AV place of business – the works commenced on 14.10.2020, with a 7% works completion status declared at the end of 2020.
8. Execution of northbound Extension works for Platform no. 1 – throughout 2020, the execution works commenced in 2019 continued and are currently not completed as the contract for works was terminated due to the contractor’s failure to fulfil their contractual obligations.
9. Parking System modernisation – in 2021, a contract was concluded for the technical execution project and execution works and the Urban Planning Certificate was issued.
10. Execution of rehabilitation and reorganising works for outdoor heating grids and the connection thereof to heating plant CT1, at AIHCB – in 2021, a contract was concluded for the execution works and the Urban Planning Certificate was issued.
11. Systematisation of the rolling area at AIHCB, intended to increase the operating capacity and secure compliance with R139/2014 – Technical assessment and Feasibility study – throughout 2020, the Feasibility study documentation received a provisional AACR (*Romanian Civil Aeronautical Authority*) endorsement, conditional upon drawing up the Technical Design, and a Feasibility study acceptance postponement protocol was issued, awaiting clarifications on the above conditions.
12. Wastewater treatment plants for the wastewater drained onto the AIHCB airport platform – in 2020, the feasibility study was completed and accepted.
13. The canopy at access control points PCA51-AIHCB, PCA19-AIHCB – in 2020, the feasibility study and the technical execution project were drawn up and accepted.
14. The canopy at access control point PCA1-AIBB-AV – in 2020, the feasibility study and the technical execution project were drawn up and accepted.
15. Water and sanitation network rehabilitation works, including exterior hydrants, at AIHCB – throughout 2020, the technical assessment and the intervention works endorsement documentation were drawn up and accepted.
16. Central ventilation and climate control system for Departures, Finger, Arrivals – in 2020, the intervention works endorsement documentation was drawn up and accepted.
17. Multi-storey GF (*ground floor*)+2 construction of Long-term Parking lot P5 – in 2020, the technical assessment was drawn and accepted.
18. Multi-storey GF+2 construction of Long-term Parking lot P4 – in 2020, the technical assessment was drawn and accepted.
19. Canopy set-up for the Arrivals Terminal Access – in 2020, the following documentations were drawn up and accepted: the technical assessment and the feasibility study.
20. Overhauling of Generating station, at AIBB-AV – throughout 2020, the intervention works endorsement documentation was drawn up and accepted.
21. Exterior lighting upgrades, at AIBB-AV - in 2020, the following documentation was drawn up and accepted: the technical execution project.
22. Geothermal Waters Probing Program – in 2020, it was possible to obtain the work commencement permit from ANRM (*National Agency for Mineral Resources*), no. 14089/23.12.2020, and the probing concession license, valid from 21.07.2020 to la 21.07.2023.

III.3 THE INVESTMENT UNDERTAKING DEGREE

- lei -

	2020 IEB <i>(income and expenditure budget)</i> Approved	Executed as at 31.12.2020	% executed
1. Investment funding sources	719,884,279.25	575,909,177.91	80.00
own sources	295,133,649.25	217,697,177.91	73.76
state budget allowances	358,212,000.00	358,212,000.00	100
other sources	66,538,630.00	-	0

2. Capital expenditure	719,884,279.25	575,909,177.91	80.00
independent facilities	89,472,577.27	59,232,708.48	66.20
investment works	272,199,701.98	158,464,469.43	58.22
consignment of the amount for expropriations	358,212,000.00	358,212,000.00	100

In 2020, according to the investment plan monitoring schedule, the following investment- and equipment-related objectives were fulfilled:

- ❖ For chapter „b) **investment works**”, the related amount, namely 158,464,469.43 lei, represents expenditure made for the following objectives:

- lei -

Investment objective	Fulfilled as at 31.12.2020
GENERAL TOTAL	158,464,469.43
Service and patrolling road AIHCB + Access road to the two bunkers present on the AIHCB premises, including the execution of access gate and integration into SPS (<i>perimeter security system</i>) (execution)	9,635.00
Perimeter security system AIBB-AV	40,100.00
Rehabilitation of and re-rendering operational the interiors of Buildings A, B and the Rotunda (design and execution)	25,587,563.00
Integration of electric generator sets for airstrips and internal services. The generating station in AIHCB (PT(<i>technical design</i>) + execution)	219,500.00
Upgrades and rehabilitation for the exterior lighting in the public and utility area within the AIBB AV premises – technical assessment, DALI (<i>intervention works approval documentations</i>) and design	185,000.00
The hall, with a lightweight structure and sandwich panel walls	56,534.00
Upgrades for SDCTS Tower/Dispatch, AIHCB	486,900.00
Rehabilitation of restrooms in the public area of Departures-Old, finger-old, Arrivals Terminal, Building AB4 (design, DE(<i>detailed execution plan</i>) and execution)	4,217,630.00
Upgrades for distribution substation 20kv AIHCB - design	60,500.00
Wastewater treatment plant – design and execution	123,685.00
Northbound extension of aircraft parking Platform no.1, at AIHCB - execution	6,176,942.00
Execution of canopy in access control points AIHCB-PCA51, PCA19 and AIBB-AV PCA 1, respectively	42,320.00
Generating station building overhaul, AIBB AV (technical assessment, DALI, PT+DDE(<i>detailed execution plan</i>), execution of works)	61,790.00
Multi-storey GF+2 construction of P4 and P5 parking lots (technical assessment + DALI)	306,375.00
Overhaul of Arrivals multi-storey parking lot - AIHCB (DALI+PTE(<i>technical execution project</i>)+ TECHNICAL ASSISTENCE)	14,530.00
Baggage carousel belts, Arrivals (technical assessment, DALI)	318,240.00
Upgrades for baggage carousel belt systems, Departures (technical assessment, DALI)	786,470.00
Reorganization of exterior heating grids, AIHCB (execution)	1,070.00
Canopy set-up at Arrivals Terminal access, Domestic flights, AIHCB	43,060.00
Upgrades to interior ventilation systems and heating substations, Departures + Finger, AIHCB (DALI, design and execution)	218,720.00
Water and sanitation network rehabilitation works, including exterior hydrants AIHCB (technical assessment + design)	697,580.00
Public road lighting upgrades, AIHCB (technical assessment + DALI)	55,500.00
Residual water drainage construction works	908,338.00
Fees for the issuance of the UPC (<i>urban planning certificate</i>), permits/approvals, BP(<i>building permit</i>) and works execution fees	21,191.00
Building operating as an FPE shed and FPE water reserve – FS(<i>feasibility study</i>)+PT	26,538.00
Commissioning of geothermal water drillings (probing program)	12,867.00

Upgrades for PDA 2 and resystematization of the related safety area (also for N, V, W, O airstrips) – design and execution	88,913,270.00
Rehabilitation of Delta Airstrip, with PCN increase to the PDA 1 level + Upgrades for PDA 2 and resystematization of the related safety area (design and execution)	27,958,066.00
Rehabilitation of Delta Airstrip, with PCN increase to the PDA 1 level + Upgrades for PDA 2 and resystematization of the related safety area (consultancy)	937,392.00
Systematization of rolling areas of AIHCB, intended to increase the operating capacity and secure compliance with the provisions of R139/2014 (DALI, PTE)	2,900.00

- ❖ The chapter “**independent facilities**” comprises expenses which are required for conducting airport activities under proper conditions. As such, throughout 2020, the following were purchased:

- lei -

Investment objective	Fulfilled as at 31.12.2020
GENERAL TOTAL	59,232,708.48
Airport fire engines	19,649,919.00
PRM (<i>persons with reduced mobility</i>) vans	484,871.38
Aircraft tow bars	243,808.07
Airport complete snow clearing machinery	2,998,658.30
Sweeping machinery	2,444,093.00
Electrical tow truck, without tow bars, with nosewheel leg elevation	1,206,050.00
Departure gate/passport control/ticketing counters	362,000.00
Parking lot operator booths	120,000.00
Public address system upgrades	1,991,760.86
Framework agreement for air conditioning systems, AIHCB and AIBB	1,263,178.00
Utility vehicle with nacelle	302,399.99
Concrete jacket fitted with medium-voltage cubicles	210,367.00
Tractor-mounted snowblower	9,800.00
Bush cutters	69,000.00
Pneumatic jackhammer	13,980.00
HWD equipment	1,033,918.20
Pumps for refuelling depots	269,287.85
CCTV development, upgrading and extension for AIHCB and AIBB-AV / Implementation of the video analytics technology VCA, LPR AIHCB	9,551,729.55
EDSCB-type security control equipment	5,110,617.15
ETD-type security control equipment	2,185,462.90
SED-type security control equipment (metal and explosive detectors for footwear control)	456,745.76
Upgrades and optimisations for the access control system, AIHCB and AIBB-AV (implementation of turnstiles, biometric readers) – remaining items from the framework agreement	186,855.17
Supply of one-way access gates	1,625,192.40
Security booths - 20 pcs.	495,000.00
RX Dual View cargo hold equipment	4,887,702.92
Portable X-ray inspection devices	1,064,843.76
Computing equipment	320,327.91
Software suites, licences	240,331.45
Thermal scanner	28,000.00
Others	406,807.86

III.4 BUSINESS ACTIVITY

III.4.1 AERONAUTIC BUSINESS TYPES

4.1.1. Operational activity (airport services agreements, jet bridge operation and business lounge services)

➤ **Updating airport service (operation) and business lounge service agreements – an endeavour commenced in early April 2020:**

Following the Management Board decision to change the Business lounge service fee, from 12 Euro/pax to 17 Euro/pax, as of 01.04.2020 – a date subsequently moved forward to 01.07.2020, SCO (*Otopeni Commercial Service*) proceeded to implement the measure by updating these agreements.

At the same time, a decision was made to also update the airport services agreements, considering that most of them, concluded more than 7 years before, had been amended over the years by way of a significant number of addenda.

Although difficult to implement, given that most airlines significantly diminished their business or switched to teleworking due to air traffic being grounded, this implementation was successfully completed, with 14 business lounge service agreements and 14 airport services agreements concluded.

At the end of 2020, 1 (one) contract for Business services (Aeroflot) and 2 (two) contracts for the provision of airport services (Aeroflot and Austrian Airlines) were in the process of being signed at the airlines' headquarters. Furthermore, three additional airport services agreements (Qatar Airways, Lot Airlines and El-Al Airlines) were in their late stages towards the signing procedure.

Unfortunately, the increase of the business service fee led some of the airlines to decide to terminate the agreements (the companies within LUFTHANSA Group and EL-AL Airlines).

➤ **Increase of airport fees – the conclusion of addenda to the airport services agreements currently in progress at AIBB-AV**

All the operation contracts in progress at AIBB-AV place of business received addenda following the changes in the airport fees provided in the AIBB-AV Nomenclature of rates and implementing rules, in effect as of 01.04.2020 – rates for related services, and as of 23.10.2020 – airport fees.

➤ **Conclusion of new airport services agreements**

Throughout the state of alert period, CNAB SA concluded airport services agreements with two new air operators, domestically-owned companies, as follows:

- **ANIMA WINGS AVIATION SA** - airport services agreement no. 299/C/16.06.2020, in progress at AIHCB. The airline covers the advance payment of the equivalent value of the airport services rendered by CNAB.
- **CONARG MOTION SRL** - airport services agreement no. 478/C/22.09.2020, in progress at AIBB-AV.

➤ **Operation schedule analysis (served routes/destinations)**

In 2020, air traffic experienced an unprecedented downward trend, which led to a situation where, at the end of 2020, it had reached a negative level of around - 85% as opposed to the same period of 2019, the revenues of CNAB SA from its core activity being severely impaired.

Against the backdrop of the world health crisis, throughout 2020, the borders of EU and non-EU states were closed over certain periods of time, compelling airlines to cancel flights they would normally run to/from OTP.

The operation of airlines to/from OTP was interrupted over certain time intervals, as follows:

- Qatar Airways – operation interruption 16.04-16.10.2020 (with the exception of 3 flights run during the 15.07.2020- 17.07.2020 interval)
- Aeroflot: operation interrupted on 23.03.2020 and resumed until the end of 2020.
- Ryanair Dac: operation interruption during the 25.03.2020-21.06.2020 period (only technical flights were performed).
Ryanair Dac – Permanent establishment: domestic flights on the OTP-TSR route were interrupted in March 2020 and not resumed until the end of 2020.
- Czech Airlines: - operation interruption 14.03.2020-24.05.2020,
- operation interruption 03.08.2020 – not resumed until the end of 2020;
- Corendon Airlines: operation interruption 21.03.2020 – until the end of 2020.
- British Airways - 420 flights cancelled in 2020;
- Vueling Airlines: all the flights cancelled in 2020;
- Laudamotion – flights cancelled starting March 2020;

- Aegean Airlines – all the flights cancelled during April and May 2020;
- FlyDubai – all the flights cancelled during April, May and June 2020;
- Austrian Airlines – all the flights cancelled during April and May 2020;
- Lufthansa German Airlines – flights cancelled during the April - May 2020 interval;
- Swiss Air International – all the flights cancelled during April and May 2020;
- Lot Polish Airlines – all the flights cancelled during March, April, May and June 2020;
- Pegasus Airlines: all the flights cancelled during the April – July 2020 interval;
- Other major airlines which interrupted their operation on OTP during the April - May 2020 interval were: Air France, KLM, Turkish Airlines, El-Al Airlines, Eurowings.

In 2020, air operators made considerable adjustments to their operation schedule in terms of decreasing the number of flights, Tarom, Blue Air Aviation, Wizzair and Ryanair Dac airlines being those that ran a significant number of flights to/from OTP, whereas this unparalleled decrease had a substantial impact upon CNAB SA revenues.

New airlines/new OTP routes

	OTP
No. of new destinations with regular flights (2020)	0
No. of airlines having direct trade relations with CN AB SA (2020)	53

In 2020, airlines running regular flights to/from OTP did not open routes to new destinations, not served by OTP.

Starting from 05.06.2020, **Anima Wings Aviation** airline ran charter flights to/from OTP, the routes served either ad-hoc or on a seasonal basis, depending on the demand of travel agencies, being the following:

- Thessaloniki – Greece;
- Hurgada – Egypt;
- Crete – Greece;
- Zakynthos – Greece;
- Antalya – Turkey;
- Bodrum – Turkey;
- **Zanzibar – new destination.**

4.1.2. Leasing activity (aeronautical agents or companies of a similar nature – contracts performed in both places of business)

- **The conclusion of new lease agreements for spaces/lands within the two CNAB places of business**

AIHCB

- **OMV PETROM AVIATION** – The negotiation of the superficies and lease agreement with OMV PETROM AVIATION SRL was concluded, materialised by signing contract no. 1836/31.07.2020.
- **AEROINGENIEER INTERNATIONAL SRO, SK** – A lease agreement was concluded during the state of alert, effective as of 01.01.2021.
- **UAB FL TECHNICS / FL TECHNICS S.R.L.** – A new lease agreement was concluded during the state of alert, for spaces on the AIHCB premises.
- **UTI FACILITY MANAGEMENT S.A.** – A lease agreement was concluded during the state of alert, for spaces on the AIHCB premises.
- **ATHENS AEROSERVICE SA VOULA SUCURSALA CRAIOVA** – A lease agreement was concluded during the state of emergency.

AIBB-AV

- **AVIAROM SA** – A lease agreement was concluded during the state of emergency.
- **REGIONAL AIR SERVICES S.R.L.** – A lease agreement was concluded during the state of alert, for spaces on the AIBB premises.

- **R.A. RASIROM** – A new lease agreement was concluded during the state of alert, for spaces on the AIBB premises.
- **Fee increases – the conclusion of addenda to the lease agreements in progress at AIBB-AV**
- **PKF CONSTRUCT SRL, EUROSPEED SRL, AIR BP SALES ROMANIA SRL** – Updates were brought to the agreements to align them to the new leasing fee applied by AIBB-AV, increased from 2.5 **Eur/sq m/month** to 10 **Eur/sq m/month**. We will mention that the conclusion of addenda took place during the state of crisis generated by the COVID-19 pandemic and the partners agreed with the fee increase.
- **Ended lease agreements:**
 - British Airways – agreement no. 231/C/2008
 - Bostonair – agreement no. 62/C/2014 (cessation of operations in Romania)
 - Tarom – agreements no. 8/C/2018 and 513/C/2008 (updates of spaces and pooling under other lease agreements)

III.4.2 NON-AERONAUTIC BUSINESS TYPES

III.4.2.1. SPACE LEASES

For AIHCB place of business

- Throughout 2020, the Commercial Service managed a number of 31 lease agreements for spaces for a series of commercial business types, namely: pharmacy, rent-a-car, supermarket, banking activities (ATMs and commercial bank place of business), post office, mobile telephony, press & stationery, hairdresser, foreign exchange, STB (*Bucharest Transportation Company*) counters, retail travel store, petrol station, counter and totem for VAT refund to non-EU passengers. Of these, 9 agreements were actually concluded throughout 2020 by setting up bidding procedures with Bucharest Commodity Exchange and competitive tendering procedures at CNAB headquarters, this being a year with a challenging economic background for the aeronautic industry, as a result of the health crisis.
- In order to contribute to the general effort specific to this difficult economic rebalancing period, financial incentives were granted to those economic operators most significantly impaired by the pandemic context, namely 14 lessees benefitted from lease discounts. The non-aeronautic commercial business types operating within AIHCB terminals, located within areas with access restrictions for passengers during the periods marked by the state of emergency and the state of alert, most severely affected by the pandemic and benefitting from financial discounts were: rent-a-car, VAT refund, foreign exchange, pharmacy, hairdresser, press & stationery, supermarket.
The time period for which discounts are applied runs from March 2020 to the end of June 2021, the incentives granted being approved by CNAB SA Management Board.
We will reiterate the fact that the adopted policy took into account revenue sustainability in the long run, the alternative being the termination of agreements and, with it, a drastic decrease of revenues over an indefinite period of time.
The agreements based on which additional revenues were obtained, by means of space extensions and renegotiations, are agreements concluded with mobile telephony providers, less affected by the pandemic.
- Proceedings pertaining to the conclusion of contracts having, as their scope of supply, the promotion of tourist services, ATMs, retail travel and warehouse space leasing were approved and commenced.

For AIBB AV place of business

- 4 lease agreements for spaces and lands were managed in order to secure the following commercial business types: banking activities via ATM, car/service sale exhibition, petrol station, flower exhibition/restaurant.
- The business premises and the utility requirements to be provided for these spaces were set forth in the design and execution documentation for the rehabilitation of Buildings A, B and the Rotunda.

In 2020, the receipts from space leasing activities, for both places of business, amounted to 12,464,231.92 lei (marking a 14.91% decrease in 2020 versus 2019).

III.4.2.2. PROVISION OF HOSPITALITY AND BUSINESS SERVICES

February 2020 - item 7 in CNAB HCA (Management Board decision) no. 3 from 20.02.2020 approved a validity extension for the discount grid, pursuant to SC (Commercial Service) report no. 253/10.02.2020, namely:

Passenger number tier (monthly)	Discount (%)	Discounted fee* (Euro)
0-799	0	30
800-999	20	24
1,000-3,999	25	22,5
4,000-6,999	30	21
Above 7,000	35	19,5

The discount grid is provided on a contractual basis, the access fee being 30 Euro/pax/visit.

March 17, 2020 – In the context of the state of emergency being established throughout Romania, the meal and snack cooking and serving activities were suspended in all business lounges on the AIHCB premises.

June 23, 2020 – once the flights of regular airlines to a number of destinations were resumed, one of the three business lounges, namely TAROM lounge, and the VIP lounge were reopened.

The number of contracts managed throughout 2020:

- business lounge for banking institutions: 9
- hospitality for various officials: 106
- hospitality for economic operators: 197

Since the health crisis that erupted in early 2020 resulted in a 69.7% decrease of passenger air traffic compared with 2019, the number of passenger visits to the lounges on the AIHCB premises was affected accordingly, the revenues from this type of activity showing negative percentages (2020 versus 2019), as follows:

- Revenues from the bank business lounge activity: -60.81%
- Revenues from hospitality activities for officials: -65.11%
- Revenues from hospitality activities for economic operators: -46.84%

III.4.2.3 JOINT VENTURES

The temporary closure of certain restaurants, hotels, coffee shops, clubs, casinos, offices of associations and other public establishments in Bucharest and all over the country entailed the same unfortunate situation for the spaces used by such business types within AIHCB, made available pursuant to joint venture contracts concluded with Dnata Catering S.R.L. and Millenium Pro Design S.R.L.

For the January-November 2020 period, the gains obtained from joint venture contracts were as follows:

- in regard to joint venture contract no. 527/C/27.10.2010 concluded with DNATA CATERING SA, for public catering activities, the expenditure level exceeded that of revenues, the joint venture outturn being a loss, namely the negative amount of -2,519,164.45 lei. Since the number of passengers diminished dramatically (e.g. -84.44% in Nov. 2020 versus Nov. 2019), the amount received by CNAB for the January – November 2020 interval was 2,409,276.30 lei. For comparison purposes, for the January - December 2019 interval, the joint venture's gains from public catering activities were 30,487,909.03 lei;
- in regard to joint venture contract no. 528/C/27.10.2010 concluded with Pro Design SRL, for retail activities, the joint venture outturn was a positive one, the gains pertaining to the January – November 2020 interval reaching 3,284,103.62 lei. For comparison purposes, for the January - December 2019 interval, the joint venture's gains from retail activities were 30,413,986.15 lei.

III.4.2.4 ADVERTISING

The economic crisis triggered by the pandemic directly impacted the advertising budgets of businesses, which dropped dramatically in 2020. The available budgets were redirected to the online environment. The revenues obtained from this type of activity decreased in 2020 by approximately 72% compared with 2019.

The constraints imposed by the measures designed to prevent virus spreading and manage the consequences of SARS-COV-2 infection resulted in a dramatic reduction in passenger traffic, starting from March 2020, and turned the airport from a top location to an unattractive one in terms of showcasing advertisements. Lease costs for these locations became unsustainable for partners that had concluded medium-term agreements, who notified on their intention to terminate their advertising contracts.

In July, advertisement-based revenues reached their minimum threshold, the only agreement not affected by the decreasing number of passengers being the one for the space within the AIBB AV perimeter (due to the fact that the billboard is located on DN1 (*National Road 1*)).

As per Management Board Decision no. 12 from 15.10.2020, the following incentives for the Medium-term advertisement display lease agreements were approved:

- Granting an 80% discount to the agreement price, applied directly to the invoices related to the 16.03 – 16.06.2020 interval.
- Granting a 50% discount to the value of monthly invoices starting from 17.06.2020 and until the end of 2020 or until the end of the agreement.

In order to counteract the economic crisis effects set off by the pandemic on advertisement-based revenues, it was deemed necessary to incentivise demand in this area.

For medium/long-term awarding, on 08.10.2019, the Management Board of CN AB SA, as per decision no. 17, item 11, approved Commercial Service Report no. 1744/04.10.2019 regarding the results of the advertising potential assessment study on the two airports, AIHCB and AIBB-AV, and proposals to capitalise in that respect advertisement showcasing spaces. As a result, the bidding procedure for the awarding of advertisement showcasing spaces within AIHCB was commenced and is under way.

Until the completion of the bidding procedure, it was deemed necessary to apply a short-term commercial strategy, adapted to the customers' requirements and the conditions imposed by the advertising market in the context of the current economic situation.

Management Board Decision no. 10 from 27.08.2020 included the approval of SC Report 1499 from 28.07.2020 on the possibility to conclude direct award contracts, with the executive management's consent, "over a maximum period of 90 days/year, the minimum tendering prices being those in the fee nomenclature +30%."

The advertising business types heavily affected were those related to medium-term advertising contracts, as well as those concerning the "Taxi" pictograms in the taxi order placing terminals. For these areas significantly impacted by the pandemic, financial incentives were granted, the contract price discount level currently applied being 50%.

III.4.2.5 TAXI

On March 15, 2020, there were, on the 5 taxi order placing terminals, 20 pictograms located in accordance with the contracts concluded with the major taxi companies, members of the Confederation of Authorised Operators and Carriers in Romania. (C.O.TA.R.) and the Federation of Romanian Carriers (F.O.R.T.).

Following the drastic decrease in the number of passengers, the two organisations in the field, C.O.TA.R. and F.O.R.T., requested that their payment of monthly invoices be suspended over a period of at least 3 months, after which they would gradually analyse the increase in the number of orders up to normal traffic values. Failing that, they notified on the intent to terminate the contracts.

By means of a Management Board decision, the following discounts were negotiated and approved:

- An 80% discount for 2 months (the state of emergency period), applied directly to the invoices for the months of April 2020 and May 2020, payable within 60 days from their issuance;
- A 70% discount applied to the invoices for the months of June 2020 and July 2020;
- A 100% discount for August 2020, the operation of touch-screen terminals being suspended at their request;
- A 50% discount applied to the monthly invoices, from September 2020 until the end of 2020.

As of November 2020, there is a new taxi order placing terminal, GOCAB, for which the equivalent value of four pictograms is charged under the same conditions as for the other partners in this field.

III.4.2.6. UTILITIES

295 contracts for electricity, water and sanitation, heat, telecommunications, telephony, line leasing, sanitation services, cleaning services, radiocommunications/trunking equipment leasing are being managed. 49 of these contracts were concluded throughout 2020.

Particular aspects:

Contract 91/C/26.03.2019 for sewage services, concluded with Impact Developer & Contractor S.A., was terminated and the notification on disconnecting C.N. AB S.A. from the sewer pipe was submitted.

An amiable settlement was reached for the litigation with Domenii Imobiliare S.R.L., in relation to the household wastewater and rainfall sample collection points, by way of a mutual agreement on the new collection points (contract for water and sanitation services 861 / C / 27.10.2009).

The agreements on collecting, from beneficiaries of contracts for water and sanitation services, potentially polluting wastewater were drawn up, and included the plans of sewage networks with marked household wastewater and rainfall sample collection points.

III.4.2.7. PARKING LOT SERVICES

The number of rented parking spots from the rent-a-car parking lot was lowered from 85 to 41.

The number of rented parking spots in T parking lot was lowered from 34 to 32.

Subsequently, requests were received for T parking lot access services, but remained unfulfilled due to the limited capacity of the parking lot (21 spots).

IV. CN AB SA ECONOMIC AND FINANCIAL RESULTS

IV.1. STATISTICAL INDICATORS. TRAFFIC DATA

CNAB

Indicator	2018	2019	2020	% 2020/2019
Number of passengers	13,845,381	14,729,894	4,468,906	-69.7%
Aircraft movements	137,784	145,002	67,696	-53.3%
Cargo (tons)	39,533	38,607	31,185	-19.2%

IV.2. MAIN ECONOMIC INDICATORS

Indicator designation	Approved IEB	31.12.2020	% execution
0	1	2	
Net turnover	442,382.26	372,670.79	84.24%
Operating income	466,080.79	405,577.90	87.02%
Operating costs	603,484.07	583,581.87	96.70%
Operating profit/loss	- 137,403.28	- 178,003.96	
Financial revenues	10,526.27	7,472.86	70.99%
Financial expenses	2,594.41	3,465.63	133.58%
Total revenues	476,607.06	413,050.76	86.66%
Total expenditure	606,078.48	587,047.50	96.86%
Gross outturn	- 129,471.42	- 173,996.74	
Corporate income tax	-	-	
Deferred tax income		27,635.97	
Fiscal year net outturn	- 129,471.42	- 146,360.77	

IV.2.1 FINANCIAL PERFORMANCE

CNAB's activity went through an unprecedented shrinkage in 2020, caused by the COVID-19 pandemic and the measures implemented worldwide in order to contain the spread of this virus. CNAB's financial outturns achieved in 2020 were impaired by the **dramatic decrease of operating income pertaining to 2020 (by -62%)**, keeping in mind that Romania instituted the state of emergency on March 16 and a series of traffic restriction measures were implemented, including **air traffic freeze** and the suspension of all Food&Beverage activities.

Revenues

In 2020, the company achieved total revenues amounting to 413,050,763 lei which, compared with 2019, is a decrease by -671,194,586 lei and -62%, respectively, following the air traffic restriction that started in March 2020.

The operating activity produced revenues amounting to 405,577,904 lei, of which:

- revenues obtained from the core activity, which is providing conditions for the arrival, departure or on-the-ground handling of aircraft, airport services for the transit of persons, cargo and mail, amounting to 297,588,484 lei;
- revenues from the sale of residual products – 20,955.41 lei;
- revenues from royalties, leases and rentals (including joint ventures), amounting to 37,255,909.57 lei;
- revenues from sales of various goods, amounting to 649,279 lei;
- revenues from related activities, amounting to 37,156,166.39 lei;
- other operating revenues obtained from asset disposals, indemnifications and penalties under the commercial contracts concluded, amounting to 18,086,700.61 lei;
- revenues from investment subsidies – 40,235 lei;
- revenues from investment subsidies – 14,780,177 lei;

The financial activity produced revenues amounting to 7,472,859 lei.

Expenditure

In 2020, the total expenditure reached 587,047,495 lei, a decrease by -86,115,582 lei and -13%, respectively, compared with 2019.

The operating activity produced expenses amounting to 583,581,867 lei, of which:

- expenses for materials, amounting in total to 15,254,934 lei;
- other external expenses – utilities, amounting to 17,169,905.35 lei;
- expenses with various goods, amounting to 564,529.15 lei;
- expenses for external deliverables, amounting to 131,779,283.21 lei;
- expenses related to taxes, dues and levies – 18,684,021 lei;
- staff expenditure, amounting in total to 233,478,971.96 lei;
- other operating expenses, amounting in total to 47,116,772.10 lei;
- expenses related to depreciations, amounting to 119,533,449.96 lei.

The financial activity produced expenses amounting to 3,465,628 lei.

In the economic and financial context generated by the necessary restrictions and imposed during the Covid pandemic, CNAB experienced in 2020 a gross loss amounting in total to -173,996,732 lei and, after adding the deferred tax income to the accounting records, an accounting loss amounting in total to 146,360,762.78 lei.

Contracting a cash loan

Taking into account the deterioration of financial indicators throughout 2020, with major effects upon securing funding sources for both the current and the investments activities, it became necessary to contract bank loan amounting to 60 mil. Euro, of which 30 mil. Euro were drawn by 31.12.2020.

IV.3. SUMMARY INDICATORS

Liquidity indicators	2019	2020
1. General liquidity = Current assets / Current liabilities	3.18	1.21
	515,151,319/ 161,827,137	146,602,128/121,265,884
2. Immediate liquidity = (Current assets - Stocks) / Current liabilities	3.07	1.06
	496,016,347/161,827,137	128,908,116/121,265,884
3. Global solvency ratio = Total assets / Total liabilities	9.45	7.58
	4,746,598,009 / 502,032,523	4,473,483,951/590,497,035

Financial balance rates	2019	2020
1. Fixed asset financing rate = Permanent capital/Fixed assets	1.08	1.01
	4,584,770,872 / 4,230,749,782	4,352,218,067 / 4,324,853,677
2. Current asset financing rate = Net working capital x 100 / Current assets	68.81	18.92
	354,021,090*100/514,454,411	27,359,328*100/144,573,982
3. Financial autonomy rate = Equity / Permanent capital	0.93	0.89
	4,244,565,486/4,584,770,872	3,882,986,916/4,352,218,067

Activity indicators	2019	2020
1. Receivable collection period = Trade receivable average balance * 365 / Turnover	41.92	106.86
	119,573,000*365/1,041,135,217	109,107,062*365/372,670,794
2. Debt repayment period = Trade payable average balance * 365 / Turnover	11.74	54.54
	33,475,163 *365 /1,041,135,217	55,681,673 *365/372,670,794
3. Fixed asset turnover = Turnover / Fixed assets	0.25	0.09
	1,041,135,217/4,230,749,782	372,670,794/4,324,853,677
4. Total asset turnover = Turnover / Total assets	0.22	0.08
	1,041,135,217/4,746,598,009	372,670,794/4,473,483,951
5. Stock turnover = Turnover/Average inventory level	54.25	20.24
	1,041,135,217/19,189,762	372,670,794/ 18,414,492

Rate of debt indicators	2019	2020
1. Rate of debt indicator - Borrowed capital x 100/ Equity	N/A	3.76
	N/A	146,082,000*100/3,882,986,916
2. Overall rate of debt = (Total liabilities/Total assets)*100	10.58	13.20
	502,032,523/4,746,598.009* 100	590,497,035/4,473,483,951*100

Analysis of the need for working capital	2019	2020
1. Current assets	515,151,319	146,602,128
2. Cash	343,334,694	38,375,645
3. Short-term liabilities minus the amounts due to credit institutions in the short run	161,827,137	121,265,884
4. N.F.R. (<i>need for working capital</i>) (1-2-3)	9,989,488	-13,039,401
5. F.R.N (<i>net working capital</i>) = Net current assets – Net current liabilities	354,021,090	27,359,328
6. T.N. (<i>net treasury</i>) (F.R.N.-N.F.R.) (5-4)	344,031,602	40,398,729

V. RISK ANALYSIS

Risk represents the uncertainty around the occurrence of a phenomenon which, if does occur, can have an influence upon the objectives set forth. Risk refers, in particular, to the degree of uncertainty hovering over future events.

The first stage in a risk analysis focuses on identifying CNAB’s exposure to events of an uncertain nature and with a possible impact upon the airport’s normal activity. In that respect, the main activities carried out by CNAB, as well as the internal and external factors that can exert an influence upon the company were taken into account. This preliminary analysis led to identifying a series of risks, which were clustered, depending on their typology, into five categories detailed below.

Negative developments across the general economic context

The development of CNAB’s activity depends, to a significant extent, on the macroeconomic developments both domestically and worldwide, the general economic context having a significant impact upon passenger traffic and, thereby, upon the company. The occurrence of negative trends in economy on a global scale, such as the economic crisis, is a potential short-term risk, however, with relatively low predictability, 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.

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.

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.

B. NON-FINANCIAL STATEMENT (OMFP 2844/2016, art. 39 par. (1) - (8))

STAFF NUMBER EVOLUTION

The human resources policy focused primarily on the main aspects:

- the management of the human resources in line with fulfilling the company's major objectives;
- selection, recruitment and integration of the human resources;
- retaining and promoting the current human resources;
- maintaining the employee financial incentivising system, materialised in the Collective Labour Agreement, provided that the economic targets are achieved;
- monitoring working hours and restoring work capacity;

In view of the above-mentioned principles, the following objectives were formulated:

- sound and coherent management of the human resources required to carry out airport activities under proper conditions;
- setting up the personnel recruitment and selection process based on the competency principle;
- quick integration of new employees;
- stability and retention of human resources.

Considering these objectives, the company's activity in 2020 was carried out with an average number of 1415 employees.

STAFF RECRUITMENT AND EMPLOYMENT took place in accordance with the company's memorandum of association and procedures. The vacancies put out to competition were notified internally throughout the company and externally, to the County Employment Agency, as provided by Law no. 76/2002 on unemployment benefits and employment stimulation.

PROFESSIONAL TRAINING was carried out throughout 2020 mainly under the limitations and constraints imposed by the Covid-19 pandemic, while in accordance with the legal and procedural provisions.

The purpose of training activities was to maintain, while conducting business activities in a mixed system – work from home in alternation with work from office – the company employees' competencies, in order to support the company's

activity and allow it to resume business in the best possible conditions, without impairing safety and security and in conjunction with the legal provisions in the field. In order to comply with the requirements on maintaining physical distance, the training activity took place exclusively online, in the form of online courses, webinars (most of them free of charge, organised by traditional providers in the civilian aviation industry) and self-training – on-the-job training, based on the documents directly regulating own activities.

In 2020, **1415 salaried employees** benefitted from **in-house training**. The average number of in-house training hours within CNAB was approximately **55 training hours/employee**.

External training courses (held by a lecturer outside the company) were attended by 350 salaried employees, of which 226 salaried employees accessed external online training courses.

The Training Plan content was permanently adapted to the realities and needs generated by the Covid-19 pandemic, hygiene, pest control, disinfection, fumigation, occupational health and safety courses being organised, as well.

A greater share of the courses was represented by CNAB employees' taking part in **schooling programs conducted on items of equipment purchased by the company** – operation, maintenance and repair of said equipment. In that respect, of the total number of salaried employees who accessed external training means, 52 benefitted from such programs.

Furthermore, in collaboration with the specialised structures, the professional training managed the **issuance/extension of permits/licences required to conduct business, for salaried employees who require such authorisations**, with the exception of authorisations in special areas, regulated by means of specific normatives. We are referring to: the examination and issuance of permits for the personnel in the operational area, **who are in charge with manoeuvring the machinery on the platforms, authorising the personnel in charge with guiding aircraft on the platforms** (ground dispatchers, equipment machinists, etc.).

Under the strict conditions of 2020, proceedings were undertaken for 78 persons who required the issuance/reissuance of permits for professions that required such certifications.

Occupational health and safety

In this area, the year 2020, marked by the risks brought along by the pandemic, stood out through the efforts of the department in charge with occupational health and safety within CN AB, adjusted to primarily comply with the legal provisions stipulated by the law for the state of emergency and the state of alert, respectively, coupled with GD 1425/2006 for the approval of the methodological rules on implementing the provisions of Law no. 319/2006 on occupational health and safety. Moreover, 2020 was the year when, following the penalties received by the company management from Bucharest TLI (*Territorial Labour Inspectorate*) (protocol series B, no. 311494/06.04.2020), the entity managed to return, after a long period of time (**2017-2020**), to complying with the legal provisions associated to the existence of an Internal Prevention and Protection Service within CNAB.

Conversions were performed for the solutions to control and monitor access to the CNAB premises in terms of bodily temperature control, hand disinfection and mandatory usage of protective facial masks. The implementation of dedicated procedures, such as AB SSM 00, was ensured, procedures focusing on diminishing physical contact and presence at the workplace, teleworking and on starting the conversion of meeting types, from meetings with physical presence to virtual attendance supported by IT solutions.

Environmental activity

CN “Aeroporturi București” SA continued its environmental protection efforts, all the more in the context of an increasingly difficult challenge, which is climate change. CN “Aeroporturi București” acknowledges its obligation to protect the environment. The approach within the company is that of development that is “sustainable and considerate” towards the environment, an approach which pursues not only safeguarding public health and the natural environment, but also the continuity of air transport over time.

The Company’s environmental policy is permanently connected to the global environmental protection trends, as they appear following international events. In addition, involvement in national and international environmental programs turns the company into a promoter of research and development integration and of implementing their results throughout the airport platform. CN “Aeroporturi București” SA sets forth, documents, implements and maintains an integrated quality/environment/OHS management system, in accordance with the requirements of ISO 9001, ISO 14001 and OHSAS 18001 standards, and pays special attention to decreasing the environmental impact, permanently

trying to balance the requirements in the field of aviation with the environmental protection ones. The company is developed and managed in accordance with all the national and international regulations in the industry.

The company's environmental policy is communicated to partners, suppliers, employees, as well as to all stakeholders. There are permanently operational customer services tasked with replying to comments and suggestions made by them. All the works carried out across the airport platform rely on enhancing performance in the areas of: noise, air quality, energy consumption, water protection, waste management, soil protection.

CN "Aeroporturi București" permanently monitors the quality of environmental factors. The performance of measurements to determine / monitor the quality of environmental factors is a requirement imposed via the Environmental Permits related to the activities carried out within the two business premises and Airport Club.

In the field of waste management, the approach of CN "Aeroporturi București" takes into account the following aspects:

- Decreasing the amount of waste generated and disposed of into the environment, while implementing the principles pertaining to source reduction, waste selective collection, recycling, reuse and recovery
- Identifying possibilities to effectively recover and/or dispose of waste generated from activities
- Adapting management practices so that there should be compliance with the legal requirements on waste management

One of the basic objectives at the core of the strategy adopted by CN "Aeroporturi București" in the field of environmental protection is also the calculation of greenhouse gas emissions, by determining the carbon footprint.

CN "Aeroporturi București" takes part, with both airports, in *Airport Carbon Accreditation* global program.

Airport Carbon Accreditation is one of the most important programs of ACI Europe, launched in 2009 and managed by an independent structure the members of which are representatives of the European Commission, the UN Environment Programme, the International Civil Aviation Organisation, the European Civil Aviation Conference, the European Organisation for the Safety of Air Navigation.

CN "Aeroporturi București" possesses:

- Certificate for the accreditation of Bucharest - Henri Coandă International Airport in the ACI Program - Airport Carbon Accreditation, *Level 3 – Optimisation*;
- Certificate for the accreditation of Bucharest Băneasa - Aurel Vlaicu International Airport in the ACI Program - Airport Carbon Accreditation, *Level 1 – Mapping*.

PRESIDENT OF THE MANAGEMENT BOARD

Signature,