SOCIETATEA NAȚIONALA A SĂRII S.A.

Audited individual financial statements for the financial year ended on 31 December 2020

prepared as per Order No. 2844/2016 of the Minister of Public Finance on the enforcement of the Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union.

The annual individual financial statements include:

- Independent auditors report
- Statement of comprehensive income
- Statement of financial position
- Cash flow statement
- Statement of changes in equity
- Explanatory notes

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF *SOCIETATEA NAȚIONALĂ A SĂRII S.A*

SOCIETATEA NAȚIONALA A SĂRII S.A.
Annual financial statements in accordance with IFRS for the year ended on 31 Dec. 2020
(All amounts are in RON, unless otherwise stated)

STATEMENT OF COMPREHENSIVE INCOME

	NOTE:	31-Dec-20	31-Dec-19
Revenues from sales	18.1	251,113,057	380719883
Other operating revenues	21	13.167.300	63,881,488
Variation of inventories	18.2	27,963,980	20,865,158
Capitalised costs of tangible non-current assets		7924415	3747898
Expenses related to raw materials and consumables	19	(39,711,102)	(48,876,981)
Staff costs	19	(126,781,413)	(127,001,190)
Depreciation and value adjustments	19	(17,043,043)	(16,971,912)
Research expenditures			
Other operating expenses	22	(100,795,799)	(191,804,856)
Operating profit/(loss)		**15,837,395**	**84,559,489**
Net financial revenues / (costs)	23	1.675.502	2,545,172
Share in the profit of associates			
Pre-tax profit / (loss)		**17,512,897**	**87,104,661**
Taxes	14	(6,031,131)	(5,361,392)
Profit/(Loss)		**11,481,766**	**81,743,269**
Other elements of the comprehensive income			
Revaluation of tangible assets	9	55,998,563	
Taxes related to other comprehensive income (deferred tax)	9	(8,712,571)	(4,787,481)
Actuarial changes related to employee benefits		**(885,636)**	
Total other comprehensive income		46400356	(4,787,481)
Total comprehensive income		57,882,122	76,955,788
Comprehensive income attributable to:			
Company owners (51%)		29519882	39247452
Minority interests (49%)		28362240	37708336
Earnings per share attributable to:		57,882,122	76,955,788
ordinary shareholders:			
Basic and diluted		14.14	18.80

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FINANCIAL STATEMENT REPORTS

ASSETS PROPERTY, PLANT AND EQUIPMENT	NOTE:	31 Dec. 20	31 Dec. 19
Tangible assets	4.1	230,904,772	169,045,252
The rights to use the assets	4.1	3,530,080	1,170,766
Intangible assets	4.2	1,836,345	1,814,398
Deferred taxes	4.4		7,003,065
Other financial assets	4.4	15,291,019	13,746,433
		251,562,215	192,779,914
CURRENT ASSETS			
The stocks	5	40,170,855	25,060,306
Trade receivables and similar debts	6	22,506,715	58,252,194
Other financial assets	8	203	16,204,153
Restricted cash	8		
Cash and cash equivalents	8	229,104,928	204,730,111
		291,782,700	304,246,765
TOTAL ASSETS		**543,344,916**	**497,026,679**
DEBTS			
CURRENT LIABILITIES			
Trade payables and similar debts	11	33,596,234	54,633,940
Staff benefits < 1 year	16	10,231,597	9,571,617
Concession debts < 1 year	10.1	113,173	191,884
Corporate tax debts	14		-
Investment subsidies < 1 year	13	349,705	339,532
Provisions - due within less than 1 year	15.1	7,342,433	16,863,023
		51,633,142	81,599,996
NET ASSETS/LIABILITIES		**240,149,558**	**222,646,769**
LONG-TERM PAYABLES			
Trade payables and other long-term debts	12	95,628	97,785
Staff-related debts > 1 year	12/16	11,818,379	10,616,723
Long-term loans	10.2	3,519,314	1,214,701
Investment subsidies > 1 year	13	3,494,753	3,848,422
Deferred taxes		3,282,345	-
Long-term provisions	15.2	16,457,331	16,457,331
LONG-TERM PAYABLES		**38,667,750**	**32,234,962**
TOTAL DEBTS		**90,300,890**	**113,834,958**
NET ASSETS		**453,044,025**	**383,191,721**

SOCIETATEA NAȚIONALA A SĂRII S.A.
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(All amounts are in RON, unless otherwise stated)

STATEMENT OF FINANCIAL POSITION (continued)

	NOTE:	31-Dec-20	31-Dec-19
Share capital and reserves			
Registered capital	9	41,050,130	40,936,410
Elements considered equity	9	27,751,645	27,751,645
Amendment of actuarial conditions	9	(2,071,854)	(1,186,218)
Premiums related to floated shares			
Revaluation reserve	9	57,050,759	11,309,764
Other reserves	9	245,463,709	202,201,427
Retained earnings	9	72,317,870	25,222,906
Profit (loss) of the current FY	9	11,481,766	76,955,788
Profit distribution	9		
TOTAL EQUITY		**453,044,025**	**383,191,721**

SOCIETATEA NAȚIONALA A SĂRII S.A.
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(All amounts are in RON, unless otherwise stated)

STATEMENT OF CASH FLOWS

	31-Dec-20	31-Dec-19
Cash flows from operating activities		
Pre-tax profit	**17,512,897**	**87,104,661**
Adjustments for:		
Depreciation and asset value adjustments	22,214,369	18,493,845
Depreciation of the right to use assets	953,509	33,450
Gain/loss on disposal of fixed assets	78,350	
Income of reversed NAFA penalties	(4,419,411)	
Expenses associated to asset revaluation	8,771,053	-
Geological fund (establishment and use)	6,721,388	14,474,321
Reversal of deferred revenues		
Amortisation of investment subsidies	(726,036)	(328,519)
Movements from other provisions - net	(9,520,589)	(47,992,527)
Changes in the value of actuarial calculations - employee benefits	976.000	(1,216,399)
Decrease / (increase) in other capital accounts		
Changes in the retained earnings		-
Other financial revenues	(2,245,575)	(3,076,142)
Financial costs	107,640	530,970
Profit before the change in working capital	40,423,596	68,009,325
Collection of royalties + tax interest	38,102,686	
Decrease / (increase) in receivables	18,950,949	71,952,674
Decrease / (increase) in inventories	(14,740,883)	(12,299,530)
Decrease / (increase) in liabilities	17,738,493	(5,208,259)
Cash from operating activities	100,474,840	122,454,209
Financial costs paid		
Corporate tax paid		(22,420,174)
Net cash from operating activities	**100,474,840**	**100,009,757**
Flows associated to investment		
Purchased tangible assets	(38,872,842)	(40,961,865)
Proceeds collected on sold assets	13,801	14,336
Financial revenues	2,245,575	3,076,142
Payments - financial expenses	(107,640)	(530,970)
Net flows from investment activities	(36,721,106)	(38,402,357)
Flows from financing activities		
Long-term liability variation, including rights to use assets	1,035,977	1,117,337
Interest paid		
Dividends paid	(40,414,894)	(76,383,983)
Net flows from financing activities	(39,378,917)	(75,266,646)
Net increase / (decrease) in cash	24,374,817	(13,634,968)
Cash and cash equivalents at the beginning of the period	204,730,111	218,365,079
Cash and cash equivalents at the end of the period	229,104,928	204,730,111

SOCIETATEA NAȚIONALA A SĂRII S.A.
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(All amounts are in RON, unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Subscribed capital	Capital adjustment	Revaluation reserve	Reserves	Undistributed result	First-time application of IFRS	First-time application of IAS 29	TOTAL
01 Jan. 2019	**40,936,410**	**27,781,826**	**13,978,989**	**187,727,106**	**37,288,533**	**88,740,683**	**(27,751,645)**	**368,701,903**
Changes in actuarial calculation conditions		(1,216,399)						(1,216,399)
Current comprehensive income					76,955,788			76,955,788
Revaluation of buildings and special constructions								-
Deferred tax related to revaluation			508,424					508,424
Total comprehensive income	-	(1,216,399)	508,424	-	76,955,788	-	-	76,247,813
Legal reserve allocations								-
Other reserve allocations - geological fund				14,474,321				14,474,321
Reserve allocations for distribution of dividends								-
Changes in the revaluation reserve								-
Distributed dividends					(76,383,983)			(76,383,983)
Retained earnings resulted from the depreciation of the revaluation surplus			(3,177,649)		3,177,649			
Other adjustments					151,668			151,665
31 Dec. 2019	40,936,410	26,565,427	11,309,764	202,201,427	41,189,655	88,740,683	(27,751,645)	383,191,721

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(All amounts are in RON, unless otherwise stated)

	Subscribed capital	Capital adjustment	Revaluation reserve	Reserves	Undistributed result	First-time application of IFRS	First-time application of IAS 29	TOTAL
01 Jan. 2020	40,936,410	26,565,427	11,309,764	202,201,427	41,189,655	88,740,683	(27,751,645)	383,191,721
Changes in actuarial calculation conditions		(885,636)						(885,636)
Current comprehensive income					11,481,766			11,481,766
Retained earnings from the depreciation of the revaluation surplus			(1,544,997)		1,544,997			
Revaluation of buildings and special constructions			55,998,563					55,998,563
Deferred tax related to revaluation			(8,712,571)					(8,712,571)
Total comprehensive income	-	(885,636)	45,740,995	-	13,026,763	-	-	57,882,122
Legal reserve allocations								-
Other reserve allocations - geological fund				6,721,388				6,721,388
Reserve allocations for distribution of dividends								-
Changes in the revaluation reserve								
Profit appropriation 2019				36,540,894	(36,540,894			-
Distributed dividends					(40,414,894)			(40,414,894)
Subscribed and unpaid capital	113,720							113,720
Prior period adjustments				-	45,549,968			45,549,968
31 Dec. 2020	41,050,130	25,679,791	57,050,759	245,463,709	22,810,598	88,740,683	(27,751,645)	453,044,025

THE EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS:

Note 1 - GENERAL INFORMATION

Societatea Națională a Sării S.A. was established in 1997 by Government Decision No. 767/1997 following the reorganisation of the former *Regia Autonomă a Sării* as a joint-stock company, pursuant to Law 31/1990; the Company is a Romanian legal entity and is registered with the Trade Register under no. J40/4607/2010.

The Company operates from its headquarters in Bucharest, 220, Calea Victoriei, District 1, and its place of business - administrative headquarters located at 76, Splaiul Unirii, Building A, 5th floor, District 4, Bucharest.

Ownership structure:

- The Romanian State, represented by the Ministry of Economy, Energy and Business Environment (MEEBE), through the Office of State Ownership and Privatisation in Industry: 51% of the share capital as at 31 December 2019;

- SC Fondul Proprietatea SA: 49% of the share capital as at 31 December 2019

The Company operates 7 branches, without legal personality, established at the locations where salt and other non-metallic products are exploited, as follows:

- - Rm. Vâlcea Mining Facility (Vâlcea County), Slănic Prahova Salt Mine, Prahova County, Ocna Dej Salt Mine, Cluj County, Ocna Mureș Salt Mine, Alba County, Târgu Ocna Salt Mine, Bacău County, Praid Salt Mine, Harghita County and Cacica Salt Mine, Suceava County.

These facilities are listed in the annex to the Company's Company's Articles of Incorporation.

The main activity of the Company (according to the NACE code - exploitation of mineral resources) consists of the exploitation of salt and other non-metallic products from the perimeters for which the Company holds exploitation licenses, and in the processing of such products to be traded in the domestic and international markets. The secondary activity consists of tourist and leisure services for individuals, metal works, cavernometry services, etc.

As at 31.12.2020, the Company is the sole producer of salt nationally, and is classified as a "company of strategic interest" by Law No. 99/1999 on some measures to accelerate economic reform.

The operating activities of the Company are subject to regulations specific to the extractive industry branches, issued by the relevant authority - the National Agency for Mineral Resources (ANRM) on:

- Exploitation method, technology and environmental protection;

- Annual salt production;

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

- Opening of new exploitation/exploration perimeters;
- Mining royalty

The Company, as a holder of 14 licenses for the concession and exploitation of salt resources and of other non-metallic products, is subject to specific regulations, issued by the National Agency for Mineral Resources (*"ANRM" in Romanian*). The licenses are issued individually for each perimeter, and have individual validity periods, covering the period of 1999-2024, and may be further extended.

The licenses are concluded with the National Agency for Mineral Resources pursuant to the Mining Law no. 85/2003 as further amended and supplemented and the object of the licenses is the concession of the exploitation right for rock salt and industrial and constructions limestone deposits. The cover, in general, 20 years, with the right of extension for successive periods of 5 (five) years each pursuant to the provisions of Art. 20 of Mining Law No. 85/2003.

According to the licenses, the Company pays the mining royalty starting with June 15, 1998 (the date of entry into force of the Mining Law no. 61/1998) pursuant to the provisions of Art. 39 of the Rules on the enforcement of the Mining Law (*Normele pentru aplicarea legii minelor - in Romanian*), as approved by Government Decision No. 639/25.09.1998.

In 2020, the Company established and paid the mining royalty set at EUR 1/ton of crude rock salt extracted from the underground deposit, *i.e.* 0.4375 EURO/t of unprocessed calcareous rock extracted from the quarries, after signing a number of addenda to the exploitation licences concluded with ANRM, to increase the mining royalty, in July 2017.

Thus, according to the original licenses, the Company became a mining company again starting with June 15, 1998 (the date when Mining Law no. 61/1998 became enforceable) pursuant to the provisions of Art. 39 of the Rules on the enforcement of the Mining Law, as approved by Government Decision 639/25.09.1998, for a share of 2% of the value of the annual mining production, and the mining Product for which royalties should be paid was defined under each license.

After the exploitation licenses for the mining production were signed, more specifically over 2010-2013, the Romanian State, upon the initiative of ANRM, amended the Mining Law through Government Decisions to establish new mining royalties. For 1 licence out of 13, which was extended in 2016, the Company calculated and has paid since then royalties of EUR 1.0/ton.

In 2019, *Societatea Naționala a Sării - SA* extended the licences for the following perimeters: Slănic, Ocnele Mari (Rm. Valcea), Ocna Mureș, Războieni, Praid, Dej, Cacica and Gura Slănic (Tg. Ocna) for a 5-year period, pursuant to the provisions of Art. 20 of Mining Law No. 85/2003.

As a 51% state-owned company, the Company is subject to all regulations specific to companies wholly or mainly owned by the Romanian State.

The Ministry of Energy, Economy and the Business Environment (MEEMA) is represented in the General

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
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Meeting of the Shareholders by persons mandated by Order of the Minister, issued for each meeting.

The representative of *Fondul Proprietatea* is appointed for each meeting, by means of special power of attorney.

The strategic management activities are carried out by the General Meeting of Shareholders and by the Board of Directors, and the executive, while operating tasks are carried out by the General Manager.

Organisation of management activities

Staring with July 2016, the Company has implemented the provisions of Government Emergency Ordinance No. 109/2011 on the corporate governance of public enterprises, and has been managed by a 5-member Board of Directors which delegated management responsibilities to a General Manager, selected based on specific professionalism and integrity criteria.

The corporate governance policy is based on a four-year Company development strategy and on the payment of management staffers and administrators with fixed and variable components, the latter being influenced by their achievement of the performance indicators approved by GMS Decision and Order issued by MECBE at the end of 2016.

The General Manager undertakes all actions and takes all necessary and relevant steps in order to carry out the Company activities, except for those tasks which fall under the remit of the General Meeting of Shareholders or of the Board of Directors, according to the Company's Articles of Incorporation.

The Board of Directors is the structure that exercises permanent control over the Management of the Company and its members convene at least once a month. The activity of the Board of Directors is regulated by the Romanian legislation and is governed by the provisions of Chapter V of the Articles of Incorporation of the Company.

Legal basis

As a 51% state-owned company, the Company is subject to the economic common legislative framework and, additionally, to all regulations specific to companies wholly or mainly owned by the Romanian State.

Consequently, the Company has the obligation to organise and conduct preventive internal financial controls, pursuant to Order No. 923/2014 of the Minister of Finance on the enforcement of Government Ordinance 119/1999, as republished, *"on the internal/management control and on the preventive financial control", to perform operational and financial planning pursuant to Law 339/2016, the Budget Law, and to Ordinance 26/2013 on strengthening financial discipline Ordinance within companies where the state or administrative-territorial units are majority or sole shareholders.*

The income and expenditures budget is approved annually by the GMS but also by Government Decision, and its execution is reported quarterly to the Ministry of Economy, Energy and Business Environment (MEEBE) and to the Ministry of Public Finance (MPF).

The Ministry of Public Finance monitors the compliance with the collection and payment deadlines based on the quarterly report on the "outstanding receivables" and "outstanding debts" indicators, and their maximum level is also included in the Company's Income and expenditures budget.

The Company drafts a set of Individual Financial Statements annually, which means that these statements belong to the company without being consolidated with affiliated entities. The Company does not hold shares in the share capital of other companies.

Pursuant to Government Decision No. 765/1994 *"establishing the necessary expenditure quotas for the realisation, development and modernisation of production in the mining, crude oil and natural gas extraction sector"* the Company has the obligation to set up a *Fund for the development and modernisation of production* representing 6% of the sold mining production.

In its capacity as license holder for the exploitation of mineral resources, the Company pays quarterly the mining royalty calculated according to the quantity of mining product and the mining royalty quota established per mining product unit, pursuant to licenses or Government Decisions.

For the perimeters under exploitation, the Company pays annually a tax on the exploitation activity established by Government Decision, expressed in RON/km^2.

Note 2 – IMPLEMENTATION OF NEW AND UPDATED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1. First-time adoption of new or revised standards

The accounting policies used are consistent with those applied to the previous financial year, except for certain amended IFRSs, which were adopted by the Company as of January 1, 2018.

The Company adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers (including clarifications) for the first time as of January 1, 2018. We describe below the impact of these standards.

a) IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" reflect all project stages in relation to financial instruments and replace IAS 39 Financial Instruments: Recognition and Measurement and all prior IFRS 9 versions.

IFRS 9 brings significant changes to the recognition and measurement of financial assets, which are based on the business model and the contractual cash flow characteristics, and implements a new adjustment for impairment model based on based on the assumption of providing for expected credit losses. Additionally, changes were made on how hedging tools were posted in the books to better reflect the effect of the risk management activities adopted by an entity to manage exposures.

IFRS 9 presents three main categories of financial assets:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

a) measured at amortised cost,

b) measured at fair value through other comprehensive income, and

c) measured at fair value through the profit or loss account.

The categories are determined according to the following two criteria: the Company's business model used in the asset management process and the analysis of the contractual cash flows of the instruments to determine whether they are solely payments of principal and interest on the principal amount outstanding.

As explained in the notes below, there are no significant differences between the initial valuations in accordance with IAS 39 "Financial Instruments" and the new valuation methods in accordance with IFRS 9 "Financial Instruments" for the financial asset classes that the Company would hold on January 1, 2018.

In accordance with IAS 39, all trade receivables were posted at amortised cost minus the adjustment impairment. Following the application of IFRS 9, trade receivables which qualify for factoring are measured according to their fair value and the differences are posted in the profit or loss account (PLS) since they are held in accordance with a business model in order to be sold. Moreover, trade receivables resulting from contracts providing for an invoicing system based on estimated prices are also measured at fair value through the profit or loss account (PLS) due to the fact that contractual cash flows are not just repayments of principal and interest on the principal amount outstanding in the balance. There was no impact on the retained earnings of the Company following the IFRS 9 classification.

There is no impact on the recognition and measurement of the financial liabilities of the Company, due to the fact that the new requirements target solely the financial liabilities designated as at fair value through profit or loss. The company does not have such liabilities.

The new impairment model provides that loss impairment adjustments are recognised according to the expected credit losses and not according to the model of actual credit losses, as required by IAS 39. In accordance with IFRS 9, the Company recognises the adjustments for impairment for expected losses for instruments that are not posted at fair value through in the profit and loss account and for contractual assets deriving from the contracts with customers. In general, the application of the expected credit loss model entails the earlier recording of credit losses for the relevant items. Impairment losses are calculated on the basis of a three-step model using credit default swaps, the internal or external ratings of counterparties and the related probability of default. For some financial instruments, such as trade receivables, the depreciation-related losses are estimated using a simplified approach, posting expected credit losses over their entire useful life.

In accordance with IFRS 9, multiple hedging instruments and multiple hedged risks will generally meet the conditions necessary to applying the hedge accounting. As at December 31, 2019, the Company did not have hedging instruments for which to apply hedge accounting; consequently, there is no impact on the financial statements following the implementation of IFRS 9 on hedge accounting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

b) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 has replaced the previous IFRS revenue recognition requirements and applies to all revenue generated from contracts with customers. In accordance with the new standard, revenues are recognised so as to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is posted when or as the customer gains control over the goods or services.

The company adopted the new IFRS reporting model starting with January 1, 2018.

According to the new standard, the assessment will take into account whether the Company controls the goods or services before the transfer to the customer, rather than whether it is exposed to significant risks and benefits related to the selling of goods or services.

The first-time application of IFRS 15 has no impact on the Company’s retained earnings as at January 1, 2018.

c) IFRS 16 “Leases”

This standard replaced IAS 17 ”Leases” and sets out new requirements for lease accounting. The standard came into force for annual periods beginning on or after 1 January 2019. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases by the two parties to the contract, more specifically the (“lessee”) and the supplier (“lessor”).

In accounting books of the lessee, according to IFRS 16, there is only one model guiding the way in which leases should be posted, thus eliminating the operating or financial leasing classifications specified in IAS 17. By applying this model, the lessee recognises assets and liabilities for most leases, and in the statement of revenue and expenditure, the lessee recognises the depreciation of leased assets, separate from interest on lease liabilities. The accounting of the lessors, according to IFRS 16, is unchanged in terms of substance, compared to the current requirements of IAS 17. The lessor shall continue to use the classification principles in IAS 17 and shall classify each lease as an operating lease or a finance lease. In accordance with IFRS 16, both lessees and lessors must disclose more information than that those disclosed in accordance with IAS 17 in the notes to the financial statements.

The most important impact is that the Company recognises, as of January 1, 2019, new assets and liabilities for its operating leases, unless an exemption from IFRS 16 applies. Certain commitments on short-term leases and low-value assets are posted as exceptions. There is no significant impact on the existing financial leases, in fact we refer to the concession contract in Ocnele Mari - Rm Valcea MF Branch and, starting with 2020, the lease for the office space for the Administrative Headquarters.

The Company applied IFRS 16 as of January 1, 2019, using the modified retrospective approach for transition, without restating the comparative values for the previous period presented. Instead, the Company recognises the cumulative effect of applying the new standard as an adjustment to the initial balance of the retained earnings at the first-time application date. Right-of-use assets related to previous operating leases were measured at the first-time application date according to the amount of the lease liability, adjusted by advance or estimated payments. In accordance with the provisions of the Standard, only fixed lease payments are accounted for on the basis of the leasing model provided by IFRS 16, the variable payments that depend on the inflation index are recognised in profit or loss in the period in which the event or condition that triggers payment occurs. For each new lease, the Company recognises a new asset and a new liability in the financial position. The company used a single discount rate, more specifically 5.19%.

2.2. **Other new or revised standards and interpretations, but not yet mandatory**

Additionally, the following standards, interpretations and amendments were issued and are not expected to have a significant impact on the financial statements of the Company:

IFRS 9: Prepayment Features with Negative Compensation (Amendment)

The amendment allows that financial assets having pre-payment features that allow or require a party to a contract to either pay or receive a reasonable compensation for early termination of the contract (so that, from an asset holder’s perspective, there may be a “negative compensation”) to be measured at amortised cost or fair value through other comprehensive income. The company does not hold any financial assets in the form of advance payments.

- IFRIC INTERPRETATION 23: Uncertainty over corporate tax treatments. The interpretation addresses income tax accounting if the tax treatments involve a certain amount of uncertainty that affects the application of IAS 12. The interpretation provides guidance to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together, audits done by tax authorities, the appropriate method to reflect the uncertainty and accounting for changes in facts and circumstances. The company assessed these aspects and they do not pose a significant impact on its financial position or financial performance.

- IAS 19: Plan amendment, curtailment or settlement (Amendments). The amendments require entities to use updated actuarial assumptions to determine the current service cost and net interest for annual reporting period that remains after a plan amendment, curtailment or settlement took place. The amendments also clarify how the accounting of an amendment, curtailment or settlement plan affects the application of the asset ceiling requirements...

- Conceptual Framework in the IFRS IASB standards issued the revised Conceptual Framework for Financial Reporting on March 29, 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, setting standards, guidance for those who prepare financial statements in the development of consistent accounting policies and assists users in understanding and interpreting standards. The IASB also issued a separate attached document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to the affected standards in order to update the references to the revised Conceptual Framework. The purpose of the document is to support the transition to the revised Conceptual Framework for entities which develop accounting policies using the Conceptual Framework when no IFRS standard applies to a particular transaction. For those who prepare financial statements and develop accounting policies based on the Conceptual Framework, the document enters into force for annual periods beginning on or after 1 January 2020. These amendments have not yet been adopted by the EU.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of "Material" (Amendments). Amendments are in effect for annual periods beginning on or after January 1, 2020, and early application is permitted. The amendments clarify the definition of the term "material" and how it should be applied. The new definition states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Also, the explanations that accompany the definition were improved. The amendments also ensure that the definition of the term "material" is consistent across all IFRSs. These amendments have not yet been adopted by the EU. The company is in the process of assessing the impact of the adoption of these amendments on the financial statements and does not expect such impact to be significant.

  IASB issued the Annual Improvements to IFRS Standards for the 2015–2017 Cycle, which is a collection of IFRS amendments. The amendments are effective for annual periods beginning on or after 1 January 2019, and early application is permitted. These annual improvements have not yet been adopted by the EU. The company assessed that the application of these improvements will not have any significant impact on its financial position or financial performance.

  - IAS 12 Income Tax: The amendments clarify that the effects on income tax of payments on financial instruments classified as equity are to be recognised in the same way as past transactions or events that have generated distributable profit were recognised.

  - IAS 23 Borrowing Costs: The amendment clarifies paragraph 14 of the standard according to which whenever a qualifying asset is available for its intended use or sale and some of the specific loans for that qualifying asset remain outstanding at that time, that particular loan should be included in the funds that an entity lends, in general.

New standards and amendments to existing standards issued by the IASB, but not yet adopted by the EU

At present, IFRSs, as adopted by the EU, do not differ significantly from the regulations adopted by the IASB, except for the following new standards and amendments to existing standards, which were not adopted in the EU:

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - The European Commission decided not to launch the process of adopting this interim standard and to wait for the final standard;

- IFRS 17 **"Insurance Contracts"** (in force for periods beginning on or after 1 January 2021);

- **Amendments to IFRS 3 "Business Combinations" -** definition of a business (effective for business combinations for which the procurement date takes place on or after the beginning of the first annual reporting period beginning on or after 1 January 2020, and for the procurement of assets that takes place on or after the start date of that period);

- **Amendments to IFRS 10 "Consolidated Financial Statements"** and **IAS 28 "Investments in Associates and Joint Ventures" -** Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and subsequent amendments (effective date deferred indefinitely the research project devoted to the equity method is completed);

- **Amendments to IAS 1 "Presentation of Financial Statements"** and IAS **8 "Accounting Policies, Changes in Accounting Estimates and Errors" -** Definition of Material (in force for periods beginning on or after 1 January 2020);

The Company anticipates that the adoption of these new standards and amendments to existing standards will not have any material impact on the financial statements of the Company during their first-time application.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated.

Note 3 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

3.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Declaration of conformity

These financial statements were prepared pursuant to the Order no. 2844/2016 of the Minister of Public Finance on the enforcement of the Accounting Regulations compliant with the International Financial Reporting Standards adopted by the European Union, as further amended and supplemented.

International Accounting Standards and Interpretations (collectively referred to as "IFRSs") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("Adopted IFRSs")

The financial statements were prepared in accordance with the International Financial Reporting Standards adopted by the European Union ("IFRS"). The Company prepared these separate financial statements in order to meet the requirements of *Order no. 2844/2016 of the Ministry of Public Finance to approve the IFRS-compliant Accounting Regulations.*

Basis of valuation

The financial statements are based on the going concern principle.

They are recorded at historical cost, except for tangible assets minus tangible assets in progress, which are measured using the revaluation method, and except for embedded derivatives which are measured at fair value through the profit and loss account. The accounting policies applied were consistent with those of the previous year.

The individual financial statements are prepared on the basis of the historical/amortised cost agreement except for the tangible assets disclosed at revalued cost using the fair value as an deemed cost.

The economic environment in which the company operated had operated was considered hyperinflationary until 31 December 2003. In the context of the IFRS adoption, applying the provisions of IAS 29 - "Financial Reporting in Hyperinflationary Economies" should be applied to fixed assets. It provides for the use of the inflated cost for fixed assets in the balance (not impaired as of December 31, 2014) which had been commissioned before 31 December 2003.

At the same time, Financial Reporting Standard 1 (IFRS 1), First-time Adoption of International Financial Reporting Standards, establishes in Appendix D "Exemptions from other IFRS standards" that an entity can elect to restate the balances of fixed assets at transition date by valuation at fair value or at deemed cost (paragraph D5).

Further on, Appendix D "Exemptions from other IFRS standards" - paragraph 6 explains the exemptions regarding the manner and time of determining the deemed cost adopted; this may be

- Fair value before or at the date of the transaction, respectively
- fair value determined prior to the transaction date and adjusted before the transaction date against the effects of depreciation and other value adjustments, as appropriate, including, if necessary, changes in general or specific price indices.

The items disclosed at fair value, respectively the assets and financial liabilities at fair value through the Profit or Loss and the available-for-sale financial assets, except those for which the fair value cannot be reliably established.

Functional and presentation currency

The functional currency, as defined by IAS 21 "The Effects of Changes in Foreign Exchange Rates" is the Romanian leu (RON). The individual financial statements are presented in RON.

Transactions carried out by the Company in a currency other than the functional currency are recorded at the exchange rates in force on the date on which transactions take place.

The transactions performed by the Company in a foreign currency are posted in the books in both the national currency and the foreign currency.

Monetary assets and liabilities denominated in foreign currencies are translated into RON at the exchange rates in effect on the reporting date.

Significant accounting judgments and estimates

As a result of the uncertainties inherent in the business activities, many items in financial statements cannot be measured with precision but can only be estimated Estimation involves judgements based on the latest available reliable information.

The use of reasonable estimates is an essential part of the preparation of financial statements.

An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, revising an estimate does not relate to prior periods and is not the correction of an error. The effect, if any, on future periods is recognised as income or expense in those future periods.

The company makes certain estimates and assumptions about the future. Estimates and judgments are continuously assessed on the basis of historical experience and of other factors, including forecasts of future events considered reasonable under existing circumstances. In the future, the actual experience may differ from these estimates and assumptions.

Further to the analysis of the application of IFRIC 12, the Company considered whether the following characteristics of the concession licenses for the exploitation of mineral resources (salt and limestone) are applicable to the concession contracts concluded with the Ministry of Economy, Energy and Business Environment (MEEBE) by ANRM, on the date when IFRIC 12 should be adopted:

- The grantor controls or regulates what services the operator must provide;
- The grantor controls - through its ownership interest, beneficial entitlement or otherwise — any significant residual interest in the infrastructure at the end of the term of the arrangement;
- The contract would include the same provisions if the agreement had been concluded with a private company.

The Company concluded that the application of IFRIC 12 for the accounting of concession licenses will not reflect the economic substance of the transaction, as the Company bears a fee in the form of a mining royalty for the exploitation of mineral resources mentioned in the concession licenses, from the revenues generated from the selling of such mineral resources.

The royalty is significantly lower than the depreciation the Company would have recorded for the assets held for the purpose of exploiting the mineral resources, if the concession licenses had not been signed.

Consequently, IFRIC 12 is not applicable. The company did not recognise the assets related to the concession licenses in the Individual Statement of Financial Position, but recognises the annual royalty payable to the government, for the contract lifecycle.

We provide below examples of valuation, estimation, assumptions applied by the company:

a) Valuation of investments in land and buildings owned

The Company obtains valuations performed by external surveyors to determine the fair value of its real estate investments and of the buildings owned by the Company. These valuations rely on assumptions that include future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. Surveyors also use market information about the prices of transactions for similar properties.

b) Allowances for doubtful debts

The valuation of the impairment on receivables from customers is performed individually and is based on management's best estimate of the present value of the cash flows expected to be received. To estimate these flows, the management makes certain estimates regarding the financial situation of the partners. Each receivable is analysed individually.

c) Court proceedings

The Company reviews pending cases by following the developments of court proceedings and the state of affairs on each reporting date to assess the provisions and disclosures in its financial statements. Among the factors taken into account when making decisions on provisions, we should mention the nature of the litigation or claims, the potential level of damages in the jurisdiction where the litigation is being tried, the progress in the case (including progress after the date of the financial statements but before those statements are issued), opinions or viewpoints of legal advisers, experience in similar cases and any decision of the Company management regarding the response to the litigation, complaint or valuation.

d) Accounting estimates of expenditures

There are objective circumstances when the exact values of some expenses incurred by the Company are not known until the end date of certain fiscal periods or until fiscal year-end. Preliminary estimates of expenditures will be made for this category of expenses, which will be corrected in subsequent periods when the cash outflows will also occur. The estimates of expenditures, for each category of expenses, will be made by professionals who are experienced in the type of activity that generated that expense.

Provisions and contingent liabilities

The management makes estimates and uses professional judgment when measuring and posting provisions, when determining the exposure to contingent liabilities resulting from litigations in which the Company is involved or from other disputes that are subject to negotiation, arbitration or regulations. Professional judgment is used to determine the likelihood that a certain litigation will be lost and a debt will arise and to quantify the value of this debt. Due to the uncertainty involved in this valuation process, current liabilities may differ from the initially estimated provisions. Additionally, production facilities fall under the scope of different laws and regulations on environmental protection. The provisions are established for the potential obligations resulting from the compliance with the legal provisions regarding the obligations of the Company to restore the site - which is the object of the exploitation licenses.

Going concern

The Company will continue to operate by carrying out the activities for which it is authorised to operate, without going into liquidation or reducing business significantly. We should mention here that in 2019 there was a decrease in activity at the Rm Valcea MF Branch - Bistrița Quarry as a result of the termination of the contract by CIECH SODA ROMANIA, starting with September 19, 2019. This situation is independent of Societatea Naționala a Sării SA; actions have been taken to reduce the impact of this situation and the most appropriate options regarding the use of existing production capacities are being evaluated.

3.2 ACCOUNTING POLICIES

(a) **Property, plant and equipment**

(i) **Recognition and measurement**

Property, plant and equipment are disclosed at their revalued amount less accumulated depreciation and impairment losses, except for the tangible assets in progress, which are carried at cost less impairment losses. The accounting records of the Company enable the identification of the historical values of the property, plant and equipment starting with 01.01.2003.

When restating for the first time the Annual Financial Statements for compliance with IFRS (2014-2016), property, plant and equipment were disclosed at their presumed historical cost.

Starting with the end of the financial year for 2020, property, plant and equipment are disclosed according to their fair value (revalued taking into account the results of impairment testing calculated for each cash-generating unit).

The fair value of the property, plant and equipment, except for tangible assets in progress, estimated in accordance with IAS 16 “Property, plant and equipment”; in cases where, due to the specialization of assets, insufficient market information and/or the existence of an inactive market has been established, a value different from the market value (net replacement/reproduction cost).

Property, plant and equipment are initially measured at cost.

The cost of assets built by the Company includes the following:

- the cost of materials and direct labour costs,
- other costs directly attributable to bringing the assets to the stage required for their intended use,
- the costs of dismantling, moving and restoring the site in which they were located, when the company has the obligation to move the asset and restore the land,
- the capitalised borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

When parts of an item of property, plant and equipment have different useful lives, they are considered separate parts.

A provision for unused or used property, plant and equipment is recorded in the financial statements to the extent that these items are identified.

Borrowing costs directly attributable to refurbishment and procurement of installations and other major construction are capitalised in the cost of property, plant and equipment in progress in accordance with IAS 23 "Borrowing Costs".

Gains or losses on disposal of a fixed asset (difference between the proceeds and the net book value of property, plant and equipment) are recognised in profit and loss. When the revalued fixed assets are sold, the amounts included in the revaluation surplus are transferred to retained earnings.

The land received free of charge from state authorities for which the Company held Property Titles at the time of establishment was registered in the initial share capital. Subsequently, the Company increased the share capital by the value of the land for which the Ministry of Industry and Trade certified the ownership right and by the related revaluation differences (1999 and 2000); a similar procedure will be applied, as this right is acquired for the rest of the land.

(ii) ***Subsequent maintenance costs***

Expenses for the repair and maintenance of fixed assets, made to restore or maintain the value of these assets, are recognised in the Profit & Loss Account at the date when they are made, while expenses incurred to improve technical performance are capitalised and amortised over the remaining depreciation period of that fixed asset.

Subsequent costs are included in the book value of the asset or recognised as a separate asset, as the case may be, only when it is likely that future economic benefits associated with the item will enter the Company and the cost of the asset can be measured reliably. The book value of the replaced part is derecognised. All other repair and maintenance works are recorded in the profit and loss statement during the period in which such works are performed.

All other maintenance costs are recognised in the profit and loss statement as they arise.

(iii) **Amortization**

Tangible assets are depreciated using the straight-line method over their useful lives; for quarries and wells the depreciation is calculated depending on the reserve.

Economic useful lives are adapted to the best international practices, but take into account the physical and moral wear and tear of the assets and have been applied starting with 2016.

Lifecycles used for property, plant and equipment is as follows:

Land and tangible assets in progress are not depreciated. Tangible assets in progress are depreciated starting with the moment of commissioning.

Lifecycles, residual values and the method of depreciation are reviewed regularly to ensure their consistency with the estimated period in which the economic benefits of using the assets will result.

Lifecycles were revised during the 2020 revaluation by the technical-economic committees at the level of the branches and the headquarters.

(iv) Impairment of non-financial assets

The book values of the Company's non-financial assets, other than inventories and deferred tax liabilities, are reviewed at each reporting date to determine whether there is any evidence of impairment. An impairment loss is recognised if the book value of an asset or of a cash-generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or of a cash-generating unit is the greater of an asset's fair value less costs to sell, or its value in use. When determining the value in use, expected future cash flows are discounted to determine the present value, using a pre-tax discount rate that reflects current market valuations of the time value of money and the specific risks of the asset. To test for impairment, those assets that cannot be individually tested are grouped into the smallest group of assets that generate cash inflows from continued use and that are largely independent of cash inflows of other assets or groups of assets ("cash generating unit").

Impairment losses are posted in the Profit & Loss Account unless the asset to which they refer was revalued, and under such circumstance the impairment loss is treated as a decrease in the revaluation reserve.

For all fixed assets, impairment losses recognised in prior periods are measured at each reporting date to determine whether there is evidence that an impairment loss may have decreased or no longer exist. An impairment loss is reversed if there have been changes in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the book value of the asset does not exceed the book value that could have been determined, net of depreciation, if no impairment had been recognised.

Category	Lifecycles (years)
Industrial buildings	10 - 60
Administrative buildings	40 - 50
Wells	8 - 36
Technological machinery and equipment	2 - 34
Furniture	4 - 15
Office automation.	4- 5

(v) ***Revaluation***

Property, plant and equipment are disclosed at their revalued amount, except for advances and property, plant and equipment in progress that are carried at historical cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Revaluations are carried out by independent surveyors, usually every 3 years. However, if the market of those assets changes so as to generate a decrease in their market value, the company will revalue the assets at sufficiently relevant intervals so that their book value does not differ materially from the value that can be determined based on fair value at the reporting date

For the 2020 year-end, all classes of non-current assets were revalued at fair value by independent surveyors and the results of the revaluation were included in these financial statements (Note 4.1).

(b) **Public assets - SN Sării SA does not hold assets in the form of public assets.**

(c) **INTANGIBLE ASSETS**

Intangible assets acquired by the Company are disclosed at cost less accumulated amortisation and the provision for impairment of intangible assets. Amortisation is recognised in Profit & Loss Account on a straight-line basis over the estimated useful lives of intangible assets. Most of the intangible assets registered by the Company are represented by dedicated software. They are amortised on a straight-line basis over a period of 3-5 years.

(d) **Currency transactions**

Foreign currency transactions are expressed in RON by applying the exchange rate at the date of the transaction. Monetary asse

ts and liabilities denominated in foreign currencies at the end of the year are expressed in RON at the exchange rate on that date. Foreign exchange gains and losses, realised or unrealised, are recorded in the profit and loss statement for the respective year.

Forex rates as of December 31, 2020 and 2019 are as follows:

Currency	31 December 2020	31 December 2019
EUR	4.8694	4.7793
USD	3.9660	4.2608

Non-monetary assets and liabilities denominated in a foreign currency that are measured at fair value are translated to the functional currency (at the exchange rate at the date on which the fair value was determined. Non-monetary items that are measured at historical cost in foreign currency are converted using the exchange rate at the date of the transaction.

(e) **Accounts receivable and similar accounts**

Accounts receivable and similar accounts include invoices issued at the invoiced face value.

The presentation in the financial statements is made at net value which includes impairments.

(f) Stocks

Stocks are reported at the lower of cost and net realizable value.

Stocks are recorded at cost, based on the FIFO valuation method. Stocks are made of finished products, goods, consumables, spare parts and other materials, consisting mainly of materials for maintenance and repair. Major spare parts that meet the definition of property, plant and equipment are classified as property, plant and equipment. The cost of inventories includes all costs of production, procurement and other costs incurred in bringing inventories to the present location and situation.

The net realizable value is the estimated selling price minus the estimated cost of sale.

If the Company deems it necessary, value adjustments are made for physically and/or morally impaired stocks.

(g) Bank deposits, Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with an original maturity of three months or less which are subject to an insignificant risk of changes in fair value. Cash in foreign currency is revalued at the exchange rate at the end of the period.

Bank deposits refer to those bank deposits with an original term of longer than three months.

(h) Share capital

Ordinary shares are classified as part of equity. The company recognises the changes in the registered capital under the conditions provided by the legislation in force and only after their approval by the General Meeting of Shareholders and registration with the Trade Register.

Adjustments to share capital include the increase in value resulting from the inflation of the initial share capital following the application of IAS 29 - “Financial Reporting in Hyperinflationary Economies” to the position “items assimilated to share capital, for the first-time restatement of annual financial statements” (Note 30).

These are carried in the financial statements together with the share capital of the shareholders, but do not change the value of equity because the same value is disclosed in compensation as a decrease in retained earnings from the first-time adoption of IAS 29 (account 118) (Note 9).

Advance Share Capital Contributions

The Company does not have advance share capital contributions.

(i) Other components of equity

(ii) Changes in the actuarial conditions represent the value gain/loss resulting from the actuarial calculation related to the period and adjust the equity chapter at the end of each financial year based on the Actuarial Calculation Report prepared by accredited independent specialists in the field.

The amount recognised in equity in the current financial statements is the deviation from the previous year in the Actuarial Calculation Report (Note 9).

(iii) Other capital items resulting from the first-time restatement for the transition to IFRS include amounts that at the first-time restatement, for the purpose of applying IFRS based on OMFP 666/2015 annex 1 position 13, represented adjustments from capital restatement at 31.12.2014.

The retained earnings arising from the use of the fair value as a presumed cost (1178) when transitioning to IFRS contains the surplus from revaluation of property, plant and equipment accumulated up to 31.12.2014 from previous valuations, fully transferred at restatement from revaluation reserve accounts (account 105) as well as from the retained earnings representing the realised revaluation reserve surplus (account 1175) as a result of the use of the fair value as presumed cost.

These are recorded in separate analytical accounts at the level of inventory number, are carried forward and subject to taxation at the time of their realization.

The retained earnings resulted from the first adoption of IAS 29 (account 118) represents the increase in value resulting from the inflation of the initial share capital following the application of IAS 29 - "Financial Reporting in Hyperinflationary Economies". It is presented in compensation for the adjustment to share capital, with the same value (Note 30)

(j) **Revaluation reserves**

Property, plant and equipment, except for the tangible assets in progress, are posted in the statement of financial position according to their revalued amount, less accumulated depreciation and impairment losses. Revaluations are carried out with sufficient regularity to ensure that the book value does not differ materially from its fair value at the balance sheet date.

If the book value of an asset is increased as a result of a revaluation, that increase is recognised directly in equity under "Revaluation reserves". The increase is recognised in the Profit & Loss Account to the extent that it offsets a decrease after revaluation for the same asset previously disclosed in the Profit & Loss Account.

If the book value of an asset is impaired as a result of a revaluation, that decrease is recognised in the profit and loss account, unless the impairment loss is charged directly to equity under "revaluation reserves" to the extent that there is a credit balance in the revaluation surplus for that asset.

As of May 1, 2009, the revaluation reserves from revaluation of property, plant and equipment, recorded after January 1, 2004, are taxed at the same time as the tax amortisation deduction from the calculation of the taxable profit at the time of disposal of these fixed assets, as the case may be.

The revaluation reserves accumulated prior to 31.12.2014 were transferred to the Retained earnings resulted from the use (at the date of transition to IFRS) of the fair value as a presumed cost at first-time restatement for the purpose of implementing IFRS. These are highlighted separately and carried in the reserves chapter (Note 9 Equity - the retained earnings generated by the use of cost deemed as fair value at the date of transition to IFRS).

The revaluation surplus which is included in equity and which is related to an item of property, plant and equipment is transferred directly to retained earnings as the asset is depreciated and derecognised, respectively.

In accordance with IAS 16, "Property, Plant and Equipment", art. 41, the "revaluation surplus" is deemed to be realised when the asset covered by the revaluation reserve is written off. However, some of the surplus may be realised as the asset is used by an entity. In such a case, the amount of the transferred surplus would be the difference between depreciation based on the revalued book value of the asset and depreciation based on the original cost of the asset.

(k) DIVIDENDS

Dividends are recognised as a liability in the period in which they are approved by Decision of the General Meeting of Shareholders.

(l) Suppliers and similar accounts

Payables to suppliers and other payables, initially posted based on their fair value, include the value of invoices issued by suppliers of products, works performed and services rendered.

(m) Interest-bearing loans and borrowings

The company has no interest-bearing loans and borrowings.

In case interest-bearing loans become necessary, the Company will obtain the necessary approvals and will present their value under short-term or long-term debts.

(n) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that requires a substantial amount of time to be used or sold are capitalised as part of the cost of that asset. In determining the amount of borrowing costs eligible for capitalization over a period of time, any investment income generated by such funds is deducted from the borrowing cost. All other borrowing costs are recognised as expenses during the period in which they are incurred. Financing costs include interest and other charges involved in the borrowing of money by an entity.

(o) **Provisions**

A provision is recognised as an expense if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and an outflow of economic benefits is likely to be required to settle the obligation.

Provisions are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market assessments of the time value of money in time and the risks specific to the liability. Amortisation of discounting of provision is posted as a financial expense. Where the time value of money is material, the value of a provision is the present value of expenditures required to settle the obligation.

(p) **Corporate tax**

Income tax expenses include current tax and deferred tax.

The current tax represents the tax due to the state budget and calculated according to the provisions of the Fiscal Code. It is calculated by adding the amounts assimilated to revenues to the accounting result, minus tax deductions plus non-tax-deductible expenses. At the same time, tax calculation includes any tax receivable resulting when the purpose of some equity elements such as reserves is changed and they are reported as dividends.

Deferred tax is recognised in respect of temporary differences between the book value of assets and liabilities used for financial reporting purposes and the tax base used to calculate the tax. Deferred tax is not recognised for the following temporary differences:

- initial recognition of an asset/liability which is associated to transactions other than business combinations, and which does not affect either the accounting/taxable profit/loss;

- investments in subsidiaries, branches, and associates, and interests in jointly-managed arrangements, but only to the extent to which it is probable that the reversal will not occur in the foreseeable future; and

- temporary taxable differences arising from initial recognition of goodwill.

Receivables and payables for which taxes are deferred may be offset only if the entity has the legal right to offset its receivables and payables against the current taxes, and these taxes are to be charged by the same tax authority or by another tax authority which plans to enter into an agreement concerning the current-tax receivables and payables on a net basis or whose tax-related assets and liabilities are to be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that the taxable profit is available in the future and will be used. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that a tax benefit will be realised. The effect of changes in tax rates on deferred tax is recognised in the profit and loss account, unless it relates to items previously recognised directly in equity.

(q) **Affiliated entities**

Companies are considered affiliated if one of the parties, through ownership, contractual rights, family relationships or otherwise, has the opportunity to directly or indirectly control or significantly influence the other party.

(r) **Income**

Sales of goods

Revenue is recognised when significant risks and rewards have been transferred to the buyer, it is probable that the economic benefits associated with the transaction will flow and the costs incurred or to be incurred can be measured reliably. Revenues represent mainly the value of sold salt and limestone products to which the value of tourism services and other services is added.

Income generated on services

Revenues from services are recognised in the reporting period.

(s) **Financial revenues and expenses**

Financial revenues include interest income and favourable exchange rate differences, changes in the fair value of financial assets through the profit and loss account. Interest income is recognised as it is collected and accumulated in the profit and loss account using the effective interest method.

The company does not generate dividend income.

Financial expenses include unfavourable exchange rate differences.

Forex earnings and losses are carried forward on a net basis.

(t) **Employees' benefits**

According to the Collecting Bargaining Contract, when the prerequisites conditioning the legal retirement are met, employees are entitled to receive a financial reward.

Societatea Națională a Sării annually posts its obligations arising from the application of IAS 19, based on actuarial calculations performed by an approved actuary.

Short-term employee benefits

Short-term employee benefits include salaries and social security contributions. The short-term employee benefits are measured without being updated, and the expense is posted as the related services are being provided.

A debt is posted at the amount expected to be paid under short-term cash or profit-sharing plans if the Company has a legal or constructive obligation to pay this amount for services previously provided by employees, and a reliable estimation of the obligation can be made.

The current activity of the Company entails social insurance payments to the Romanian State for the benefit of the Company employees. All employees of the Company are included in the pension system of the Romanian State.

Benefits of long-term employees

The cost calculated for the long-term benefits granted to employees covers retirement benefits, compassionate aid in the event of death on the workplace or death caused by an occupational accident or disease. These costs will be discounted at an interest rate that takes into account *inter alia* the time value of money, and will be recognised, by means of a difference from the amounts already recognised, as a year-end provision.

The discount rate (or rates) should be the pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the asset. The discount rate(s) should not reflect risks for which future cash flows have been adjusted.

(t) Subsidies

These subsidies are originally recognised in the statement of financial position as income received in advance when there is a reasonable assurance that they will be received and that the Company will comply with any conditions attached to the subsidies, if any, and recognised as income over the period necessary to match them with the related costs (e.g. depreciation of fixed assets from grants).

All expenses and investments of the Company are fully financed from the Company equity. The amounts recognised in the financial statements as grants reversal of adjustments for depreciation of tangible assets financed by the Geological Research and Development Fund and the reversal for the EU co-financing for a SOP-IEC project (*translator's note: SOP-IEC = Sector Operational Programme for Increase in the Economic Competitiveness*).

The company implemented an EU-funded project (SOPIEC) for a salt recrystallization facility at Cacica branch (50% co-financing) for which the monthly amortisation corresponding to the asset financed from the co-financing amount is posted as subsidy.

(u) **Contingent liabilities**

Contingent liabilities are disclosed if there is a possibility of an outflow of resources that represent possible but not probable economic benefits, and/or the value can be reliably measured.

A contingent asset is not recognised in the financial statements, but should be disclosed where an inflow of economic benefits is probable.

(v) **Determining fair values**

Certain Company accounting policies and disclosure requirements require the determination of fair value for both financial and non-financial assets and liabilities. Fair values were determined for the purpose of measuring and/or disclosing information based on the methods described below. Where applicable, additional information on the assumptions used in determining fair values is provided in the notes specific to that asset or liability.

(i) Tangible assets

The fair value of tangible (fixed) assets is based on their market value. The market value of real estate is the estimated amount for which a property could be exchanged on the date of valuation in a transaction conducted at arm's length, after appropriate marketing action, between two knowledgeable interested parties. The fair value of property, plant and equipment in the other categories (machinery and equipment, plant, furniture and accessories) is based on the market and cost method using quoted market prices for similar items, when available, or replacement cost when applicable.

(w) **Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities at fair value through the profit and loss account) are added to the initial recognition or deducted from the fair value of the assets and financial liabilities, as applicable. Transaction costs that are directly attributable to buying financial assets or liabilities at fair value through the profit and loss account are recognised immediately in the profit and loss account separately.

Financial assets

Financial assets are classified into the following categories: financial assets "at fair value through the profit and loss account" (FVTPL), "held-to-maturity" investments, financial assets "available for sale" (AFS) and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All standard purchases or sales of financial assets are recognised and derecognised at the date of trading. Standard purchases or sales are purchases or sales of financial assets that require the delivery of assets within a time frame set by market regulation or convention.

Effective interest rate

The effective interest method is a technique for calculating the amortised cost of a financial asset and allocating interest income over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument (including all fees paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts), or (where applicable) for a shorter period, to the net book value of the financial asset at the date of initial recognition.

The revenue is recognised on the basis of effective interest on financial instruments other than those assets classified as financial assets at fair value through the profit and loss account.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through the profit and loss account when the financial asset is either held for trading purposes or is designated by management as a financial asset at fair value through the profit and loss account.

A financial asset is classified as held for trading if:

- the entity acquired it for the purpose of selling in the short term; or
- when recognised originally it was part of a portfolio of identified financial instruments that the Company manages together and for which there is a recent pattern
- to collect the profit on short term; or
- it is a derivative financial instrument that is not effectively designated as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as a financial asset at fair value through the profit and loss account on initial recognition if:

- such designation eliminates or significantly reduces a mismatch in valuation or recognition that would otherwise occur; or
- the financial asset is part of a group of financial assets or financial liabilities or both, [a group] which is managed and its performance is evaluated on a fair value basis according to the Company's risk management and informed investment strategy, and information on how they are grouped is provided internally; or
- is part of a contract that includes one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement allows the entire combined contract (asset or liability) to be designated as a financial asset at fair value through profit or loss.

Financial assets at fair value through profit or loss are carried at fair value, with any revaluation gain or loss recognised in the profit and loss account. The net gain or loss recognised in the profit and loss account includes all dividends or interest income on financial assets and is included in the category "Losses from embedded financial derivatives” and “Other financial income/(expenses)”.

Investments held to maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments that the Company intends and is able to hold to maturity. After initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less impairment.

For certain categories of financial assets (such as trade receivables), assets that are individually valued are, in addition, valued for collective impairment. Objective evidence of impairment of a debt portfolio could include the Company’s past experience in collecting payments, an increase in the number of late payments in the portfolio exceeding the average credit period, and noticeable changes in national or local economic conditions that correlate with defaulting on the financial obligations regarding receivables.

The recognised amount of the impairment loss relating to a financial asset posted at amortised cost is the difference between the asset's book value and the present value of estimated cash flows discounted at the financial asset's original effective interest rate.

The amount of the impairment loss relating to a financial asset carried at amortised cost is measured as the difference between the asset’s book value and the present value of the estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The book value of the financial asset is reduced by direct impairment loss on all financial assets, except trade receivables, whose book value is diminished by using an allowance for impairment. Subsequent recoveries of amounts previously written-off are credited to the allowance for impairment. Changes in the book value of the allowance for impairment are recognised as profit or loss.

When an available-for-sale financial asset is considered impaired, the cumulative gains or losses previously recognised in the comprehensive income are reclassified to the profit and loss account for that period.

If, in a subsequent period, the amount of the impairment loss relating to a financial asset carried at amortised cost or a debt instrument carried as available-for-sale decreases due to an event occurring after the impairment was originally recognised, the previously recognised impairment loss is reversed through the profit and loss account to the extent that the book value of the instrument at the date when the impairment is reversed does not exceed the amortised cost incurred if the impairment had not been recognised.

With respect to available-for-sale shares, impairment losses previously recognised in the profit and loss account are not reversed through the profit or loss. Any increase in fair value resulting from an impairment loss is recognised in comprehensive income and is cumulated as investment revaluation reserve. The amount of the impairment loss relating to available-for-sale debt securities are subsequently reversed through the profit and loss account if an increase in the fair value of the investment can be objectively correlated with an event that occurs after the recognition of the impairment loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights regarding the cash flows from the assets expire or when it transfers the financial asset (and, substantially, all risks and rewards related to the ownership title to the asset) to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of title and continues to control the transferred asset, the Company recognises the right retained in the asset and the associated debt for the amounts it would have to pay. If the Company does not retain substantially all the risks and rewards of ownership of a transferred financial asset, then the Company continues to recognise the financial asset and also recognises a secured loan for the proceeds received.

Upon full derecognition of a financial asset, the difference between the book value of the asset and the amount received and receivable and the cumulative gain or loss that has been recognised in other comprehensive income and accumulated in equity is recognised in the profit and loss account.

Upon derecognition of a financial asset other than fully (*e.g.,* when Company does not retain an option to repurchase a portion of a transferred asset or retains a residual interest that does not result in substantial retention of all risks and rewards related to the title and the Company does not retain control), the Company allocates the previous book value of the financial asset between the part it continues to recognise, and the part it no longer recognises based on the fair values of those parts on transfer date. The difference between the book value allocated to the part that is no longer recognised and the amount of the equivalent value received for the part that is no longer recognised and any allocated cumulative gain or loss that has been recognised in other comprehensive income is posted in the profit and loss account. A cumulative gain or loss that has been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised, based on the fair value of those parts.

Financial liabilities and equity instruments

Classification as liability or equity

Debt instruments or equity instruments issued by the Company are classified as either financial liabilities or equity according to contractual commitments and to the definition of financial liability and equity instrument.

Equity instruments

An equity instrument is any contract that features a residual interest in the assets of an entity after deducting all of its liabilities. The equity instruments issued by the Company are recognised in the amounts received, net of direct costs of issuing.

The repurchase of the Company’s equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the profit and loss account on the acquisition, sale, issue or cancellation of the Company’s equity instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Financial liabilities

Financial liabilities are classified as either financial liabilities measured at fair value through the profit and loss account or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at fair value through profit or loss when the financial liability is either held for trading or designated at fair value through profit or loss.

A financial liability is classified as held for trading purposes if:

- it was acquired mainly for the purpose of redeeming it in the short term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and for which there is a recent pattern of short-term profit taking; or
- it is a derivative instrument that is not designated as a hedging instrument or that is not effective.

A financial liability other than a financial liability held for trading may be designated at fair value through profit or loss on initial recognition if:

- such designation eliminates or significantly reduces a mismatch in valuation or recognition that would otherwise occur; or
- the financial liability is part of a group of financial assets or financial liabilities or both, a group that managed and its performance is evaluated on a fair value basis according to the Company's risk management and informed investment strategy, and information on how they are grouped is provided internally; or
- is part of a contract that includes one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement allows the entire combined contract (asset or liability) to be designated as a financial asset at fair value through the profit or loss account.

Financial liabilities at fair value through profit or loss are carried at fair value, with any revaluation gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss includes all interest paid on the financial liability and is included in the category "Losses from embedded financial derivatives" and "Other financial income/(expenses)" in profit or loss.

Other financial liabilities

Other financial liabilities (including loans) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a technique for calculating the amortised cost of a financial liability and allocating interest expenses over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability (including all fees paid or received that are an integral part of the effective interest rate, transaction costs and other premiums or discounts), or (where applicable) for a shorter period, to the net book value on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when and only when the Company's obligations are paid, canceled or expire. The difference between the book value of the derecognised financial liability and the amount paid and payable is recognised in profit or loss.

Financial derivatives

Derivative financial instruments are initially recognised at fair value on the date when the contracts are concluded, and (the financial derivatives) are subsequently revalued at their fair value at the end of each reporting period. The resulting gain or loss is recognised immediately in the profit or loss account, unless the derivative instrument is designated and acts as a hedging instrument, in which case the time of recognition in profit or loss depends on the nature of the hedging relationship.

Embedded derivative instruments

Derivative financial instruments incorporated in non-derivative host contracts are treated as separate derivative instruments when their risks and characteristics are not closely linked to those of the host contracts, and host contracts are not measured at fair value through profit or loss.

Hedge accounting

The Company designates certain hedging instruments in the form of fair value hedges or cash flow hedges.

At the start of the hedge, the Company provides supporting evidence to document the relationship between the hedging instrument and the hedged item, together with the risk management objectives and the Company strategy to conclude various hedging transactions. Additionally, at the start of the hedging and permanently afterwards, the Company provides supporting evidence to document whether the hedging instrument is effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk.

Hedging associated to the fair value

Changes in the fair value of derivative instruments that are designated and fall under the category of fair value hedges are recognised immediately in profit or loss, alongside other changes in fair value or of the hedged asset or liability attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the SEPARATE statement of comprehensive income related to the hedged item.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Hedge accounting is discontinued when the Company revokes the hedge designation, when the hedging instrument expires or is sold or when it no longer meets the hedge accounting criteria.

The fair value adjustment of the book value of the hedged item, arising from the hedged risk, is amortised from that date in profit or loss.

Hedging associated to cash flows

The effective part of the fair value of derivative instruments that are designated and classified as cash flow is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The gain or loss on the ineffective part is recognised immediately in SEPARATE profit or loss and is included iin the category "Losses from embedded financial derivatives" and "Other financial income/(expenses)" in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, along the same lines as in profit or loss and other comprehensive income such as the recognised hedged item.

However, when a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is suspended when the Company revokes the hedge designation, when the hedging instrument expires or is sold, terminated or exercised or when it no longer meets the hedge accounting criteria.

Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in SEPARATE profit or loss. When the forecast transaction is no longer expected to occur, the gain or loss is immediately accumulated in SEPARATE profit or loss.

(x) Leasing

Leases are classified as financial leasing whenever the lease conditions transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at the fair value they have when the lease term beings or, if the fair value is lower, at the current amount of the minimum lease payments. The corresponding obligation towards the lessor is included in the SEPARATE statement of financial position as a lease-related obligation.

Finance lease payments should be apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. Financial expenses are recognised immediately in the profit or loss account if they are not directly attributable to eligible assets, in which case they are capitalised in accordance with the Company's general policy regarding borrowing costs; contingent rents are recognised as expenses in the periods in which they occur.

For operating leases, the lease payments are recognised as an expense over the lease term, unless another calculation base is more representative for the timeframe when the economic benefits deriving from the leased assets are enjoyed. Contingent leases generated under operating leases are recognised as an expense in the period in which they occur.

If lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a straight-line decrease in rental expenses, unless another systematic basis is more representative of the time pattern in which use benefit is derived from the leased asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Note 4 ASSETS
Note 4.1 TANGIBLE ASSETS

Tangible assets	Balance as at 31 Dec. 2020	Balance as at 31 Dec. 2019
Freehold land	27,415,583	24,741,601
Construction	126,552,550	102,103,838
Technical plants and machineries	87,702,963	105,258,177
Other plant, equipment and furniture	1,161,609	1,772,330
Biological assets	3,313	3,313
Tangible assets in progress	12,241,936	13,011,956
Depreciation of land	-	(13,850)
Depreciation of buildings	(13,404,676)	(24,256,273)
Depreciation of plant and machinery	-	(43,384,572)
Depreciation of other plant and machinery, fixtures		(781,338)
Impairment of buildings	(6,462,315)	(5,145,188)
Impairment of plant and machinery	(559,615)	(210,769)
Impairment of other plant and machinery, furniture	-	-
Impairment of tangible assets in progress	(4,331,931)	(4,935,751)
Advance payments for the purchase of tangible assets	585,358	881,781
TOTAL	**230,904,769**	**169,045,252**
The rights to use the assets	4,517,036	1,204,216
Right-of-use asset amortisation	(986,959)	(33,450)
TOTAL	**3,530,077**	**1,170,766**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020

(All amounts are in RON, unless otherwise stated)

COST	Land and special land development	Buildings and special constructions	Technical plant and machines	Other plant, equipment and furniture	Biological assets	Advances for tangible assets	Tangible assets in progress	Contribution
Balance as at 1 January 2020	**24,741,601**	**102,103,838**	**105,258,179**	**1,772,329**	**3,313**	**1,822,327**	**13,011,956**	**248,713,543**
Increments	80,956	14,869,475	23,121,275	215,612	-	585,524	37,445,732	76,318,580
Revaluation - cancellation of depreciation		(17,362,556)	(56,560,643)	(993,944)	-	-		(74,917,143)
Discounts	(13,850)	(58,022)	(1,502,845)	(66,014)	-	(881,947)	(38,215,753)	(40,738,431)
Revaluations	2,606,876	26,999,814	17,386,996	233,623	-	-	-	47227309
Balance as at 31 December 2020	27,415,583	126552549	87702962	1161606	3,313	1525904	12241935	256603856
ACCRUED AMORTISATION								
Balance as at 1 January 2020	(13,850)	(24,256,277)	(43,384,572)	(781,337)	-	-	-	(68,436,036)
Depreciation for the period	-	(6,567,195)	(14,650,596)	(278,619)	-	-	-	(21,496,411)
Discounts	13,850	56,237	1,474,525	66,012	-	-	-	1610626
Revaluation - cancellation of depreciation	0	17,362,556	56,560,643	993,944	-	-	-	74,917,143
Balance as at 31 December 2020	-	(13,404,679)	-	-	-	-	-	(13,404,679)
VALUE ADJUSTMENTS								
Balance as at 1 January 2020	-	(5,145,189)	(210,768)	-	-	(940,546)	(4,935,751)	(11,232,254)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020

(All amounts are in RON, unless otherwise stated)

	Land and special land development	**Buildings and special constructions**	**Technical plant and machines**	**Other plant, equipment and furniture**	**Biological assets**	**Advances for tangible assets**	**Tangible assets in progress**	**Contribution**
Increments	-	(1,317,127)	(348,845)	-	-	-	-	(1,665,972)
Discounts	-	-	-	-		-	603,820	603,820
Balance as at 31.12.2020	-	(6,462,316)	(559,613)	-		(940,546)	(4,331,931)	(12,294,406)
NET BOOK VALUE								
Balance as at 1 January 2020	24,727,751	72,702,376	61,662,836	990,991	3,313	881,781	8,076,205	169,045,252
Balance as at 31 December 2020	27,415,583	106,685,558	87,143,347	1,161,607	3,312	585,358	7,910,004	230,904,769
COST								
Balance as at 1 January 2019	24,471,476	101,943,575	90,379,673	1,506,016	3,312	940,546	5,877,438	225,122,037
Increments	270,125	4,100,036	15,862,459	272,190	-	881,781	26,127,615	47,514,206
Outgoing / Transfers	-	-	7,444	-		-	-	-
Assignments	-	(3,939,773)	(983,953)	(5,877)	-	-	(18,993,097)	(23,922,700)
Revaluations	-	-						
Balance as at 31 December 2019	24,741,601	102,103,838	105,258,179	1,772,329	3,313	1,822,327	13,011,956	248,713,543

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020

(All amounts are in RON, unless otherwise stated)

ACCRUED AMORTISATION	**Land and special land development**	**Buildings and special constructions**	**Technical plant and machines**	**Other plant, equipment and furniture**	**Biological assets**	**Advances for tangible assets**	**Tangible assets in progress**	**Contribution**
Balance as at 1 January 2019	**(13,850)**	**(19,530,902)**	**(29,469,287)**	**(502,683)**	**-**		**-**	**(49,516,722)**
Cost for the period	-	(4,800,823)	(14,664,975)	(284,531)	-	-	-	(19,750,329)
Discounts	-	75,448	749,690	5,877	-		-	831,015
Revaluation - cancellation of depreciation	-	1,586,728	1,562,289	28,632	-	-	-	3,177,649
Balance as at 31 December 2019	24,727,751	77,847,565	61,873,604	990,991	3,313	1,822,327	13,011,956	180,277,507
VALUE ADJUSTMENTS	-							
Balance as at 1 January 2019	-	(4,977,643)	(60,381)	-	-	(940,546)	(3,053,663)	9,032,233)
Increments	-	(167,546)	(150,387)	-	-		(1,909,848)	(2,227,781)
Discounts	-				-		27,760	27,760
Balance as at 31 December 2019	24,727,751	72,702,376	61,662,836	990,991	3,313	881,781	8,076,205	169,045,252
NET BOOK VALUE								
Balance as at 1 January 2019	24,457,626	77,435,030	60,850,004	1,003,333	3,313	-	2,823,775	166,573,083
Balance as at 31 December 2019	24,727,751	72,702,376	61,662,836	990,991	3,313	881,781	8,076,205	169,045,252

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Tangible assets are mainly specific to the exploitation of mineral resources: land related to mining fields, special buildings and constructions, excavation and transport machines and equipment, processing and packaging machines and equipment, conveyor belts, etc.

The company has no assets for sale.

In 2020, the increases of the Company's property, plant and equipment amounted to RON 76,318,580, consisting of:

- takeover of land in the amount of RON 67,105 following an obligation to pay compensation (Valcea MF branch) and reclassification of land improvements, amounting to RON 13,851, by incorporating its amount in the value of the land (for Tg. Ocna);
- special buildings and constructions amounting to RON 14,869,475, of which purchases amounting to RON 8,994,933, and the difference of RON 5,875,339 represent increases in value from modernisations, procurement of technical installations and machines worth RON 23,121,277 (technological equipment amounting to RON 11,368,592, measurement and control devices and installations amounting to RON 1,310,753, means of transport amounting to RON 10,441,929 intended for mining and transport of goods and persons)
- acquisition of furniture, office equipment, protection equipment in 2020 at the level of the Company amounted to RON 215,614;
- advances payments to suppliers of tangible assets in the amount of RON 585,524 (pulse centrifuge for the Cacica branch and packaging flow installation in the branch of Tg. Ocna);
- property, plant and equipment in progress amounting to RON 37,445,734, consisting of procurement of equipment and machinery and various construction works

Disposals of property, plant and equipment in total amount of RON 40,738,432 consist of:

- reclassification of land improvement in amount of RON 13,851 in the branch of Tg. Ocna;
- scrapping of tangible assets amounting to RON 1,240,831 (special buildings and constructions - RON 58,021, plant and machinery amounting to RON 1,154,142 and other plant and machinery, furniture amounting to RON 28,667);
- These are related to property, plant and equipment amounting to RON 839,740, for which a decision of the Board of Directors was issued in 2019 and to property, plant and equipment amounting to RON 401,091 for which scrapping decisions were issued in previous years (2015-2018)
- the transfer of tangible assets in the form of small inventory in the category of small inventory, amounting to RON 386,048

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

- property, plant and equipment amounting to RON 38,215,755, which were accepted, put into use or put into operation during 2020

Revaluation of property, plant and equipment

The land, buildings and special constructions, technological equipment, installations, means of transport and other fixed assets held by the Company as at December 31, 2020 are disclosaed at fair value in the statement of financial position.

For the first-time restatement of accounts for IFRS compliance purposes, the Company used the presumed cost as at 31.12.2014 for the disclosure of property, plant and equipment.

At the end of the fiscal year 2020, the Company revalued its tangible assets for all categories of property, plant and equipment: property, buildings and special constructions, machinery equipment, means of transport, furniture and office equipment.

To determine the fair value of property, plant and equipment, an impairment loss for each cash-generating unit (UGN) was recognised based on valuation reports prepared by independent surveyors.

	Property		Buildings and special constructions		Machinery equipment, means of transport and office equipment			o/w:	
	increments	decreases	increments	decreases	increments	decreases	TOTAL	increments	decreases
Cacica	991,815	-	60	-	187.147	(21,058)	1,157,963	1,179,021	(21,058)
Dej Salt Mine	141,998	-	11,029,577	(1,577,536)	12373276	(134,097)	21,833,217	23,544,851	(1,711,634)
Mureș Salt Mine	1,162,142	(118,662)	335,105	-	174,737	-	1,553,322	1,671,984	(118,662)
Praid	769,301	(16,743)	10,249,140	(448,158)	4,041,973	(38,028)	14,557,484	15,060,413	(502,929)
Rm Vâlcea Mining Facility	2,055,303	(3,194,457)	7,918,722	(5,754,098)	769,690	(936,289)	858,872	10,743,715	(9,884,844)
Headquarters	-	(498,863)	943,305	-	185,014	(355)	629,101	1,128,319	(499,218)
Slănic Prahova	64,492	(322,062)	299,340	(2,272,640)	44,953	(8,973)	(2,194,890)	408,785	(2,603,675)
Târgu Ocna	614,024	(186,068)	8,127,912	(1,850,914)	1,081,014	(98,384)	7,687,584	9,822,950	(2,135,366)
TOTAL	5,799,074	(4,336,855)	38,903,161	(11,903,346)	18,857,804	(1,237,184)	46,082,653	63,560,038	(17,477,385)

The revaluation resulted in a net revaluation gain of RON 46,082,652, distributed as follows:

- Land and special improvements, net gain RON 1,462,219.
- Buildings and special constructions, net gain RON 26,999,814.
- Plant and machinery, net gain RON 17,386,996.
- Other plant and machinery, fixtures, net gain RON 233,623.

Tangible fixed assets are carried at revalued amount, less accumulated depreciation and impairment losses.

The increases in value in the amount of RON 63,560,038 are recognised in the financial statements under the balance sheet item “equity” - revaluation reserves and revenues from the revaluation of fixed assets, depending on the qualifications from previous valuations at the level of inventory number.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

The decreases in value in the amount of RON 17,477,385 are recognised in the financial statements under the balance sheet item "equity" - revaluation reserves (decrease) and expenses from the revaluation of fixed assets (655), depending on the qualifications from previous valuations at the level of number inventory.

Revaluation differences were recognised in the financial statements for 2020 according to the results (increases, decreases in value) of the revaluations performed in previous years, as follows:

	increments		decreases		TOTAL
	reserves	income	reserves	cheltuieli	
land	5,458,793	323,539	633,119	3,686,994	1,462,219
buildings and special constructions	34,345,059	4,558,100	2,342,156	9,561,189	26,999,814
plant, machinery and motor vehicles	17,906,808	716,945	115,146	1,121,609	17,386,998
furniture, office equipment	233,900	154	431	0	233,623
	57,944,560	5,598,738	3,090,852	14,369,792	46,082,652

The impact on the profit and loss account is found in the decrease in gross profit by RON 8,771,054 consisting of:

- Revenue growth RON 5,598,738.
- Expenditure growth RON (14,369,792).

The increases and decreases in value related to fixed assets which registered value added in the previous revaluations in the form of reserves, are recognised in the financial statements in the chapter "equity" at the position "revaluation reserves". The increase in revaluation reserves amounts to RON 54,453,566 as at 2020 year-end.

Following the annual inventory in 2019, differences were found between recorded surfaces (carried in the accounts) and the actual surfaces for several existing pieces of land at the Praid branch, which required their revaluation, at the beginning of 2020. The increase in value due to revaluation amounts for RON 1,144,657.

Investments in progress

The balance of investments in progress as at 31.12.2020 - gross amount RON 12,241,936, and RON 13,011,956 as at 31 December 2019, respectively. The main works in progress are:

Investment project	Investment value
SOD production and packaging hall and improvement of adjacent area Ocna Dej)	1,766,241
Deposit protection works - Air shaft reconditioning west wing (Valcea)	1,433,060
Adit rehabilitation Transilvania mine (Oc Dej)	1,300,874
Limestone grinding plant (Valcea)	1,019,700
Rehabilitation Telegdy shaft (Praid)	498,865
Crushing equipment A20 (Valcea)	494,138
Gallery, mine level IVX (Slănic)	455,413
Retooling and streamlining, infrastructure and constructions Slănic Salt Mine	397,259
Maintaining production capacity in the well field (Tg Ocna)	396,675
Safety works mine level 40 (Praid)	362,475
Tourist facility improvements (mine enclosure and underground) (Slănic)	356,000
Feasibility study - mining facility development (Oc Mureș)	224,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Depreciation of fixed assets and impairments

Accounting depreciation is calculated using the straight-line method. For quarries and wells, depreciation is calculated depending on the reserve.

In 2020, adjustments for the depreciation of fixed assets in progress amounting to RON 603,820 were cancelled, representing the amount of completed investments in progress.

At the end of 2020, the balance of advances paid to suppliers for property, plant and equipment is RON 1,525,904 consisting of: RON 940,546 (equipment Dej Salt Mine), RON 227,518 (Pulse centrifuge Cacica Branch), RON 357,840 (packaging machine Tg. Ocna Salt Mine)

Note 4.2 – INTANGIBLE ASSETS

Intangible assets acquired by the company are presented at cost less accumulated amortisation and impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Most of the intangible assets registered by the Company are represented by dedicated software for different fields of activity (manufacturing, accounting, finance, procurement, payroll). They are amortised on a straight-line basis over a period not exceeding three years.

During the period of January 1 - December 31, 2019, intangible assets evolved as follows:

COST	**Balance as at 1 January 2019**	**Increments**	**Reductions/reclassifications related to initial balances**	**Balance as at 31 Dec. 2019**
Concessions, patents, licences, trademarks and similar rights and assets, other intangible assets	1,459,300	177,000	841,978	794,322
Intangible assets related to exploitation and evaluation of mineral resources	243,788	785,354	-	1,029,142
Other intangible assets	1,998,457	986,516	146,379	2,838,594
Advance payments for the purchase of intangible assets	145,480	66,814	168,315	43,979
TOTAL	3,847,025	2,015,684	1,156,672	4,706,037

Intangible assets are amortised using the straight-line method. On January 1 and December 31, 2019, the depreciation of property, plant and equipment is as follows:

AMORTIZATION	Balance as at 1 January 2019	Year-end amortisation	Discounts	Balance as at 31 December 2019
Concessions, patents, licences, trademarks and similar rights and assets, other intangible assets	281,077	62,637	-	343,714
Amortisation of intangible assets related to exploitation and evaluation of mineral resources	233,820	93,886	-	327,706
Amortisation of other intangible assets	1,906,256	398,294	146,379	2,158,171
TOTAL	2,421,153	554,818	146,379	2,829,591

ADJUSTMENT	**Balance as at 1 January 2019**	**Year-end adjustment**	**Decreases**	**Balance as at 31.12.2019**
Concessions, patents, licences, trademarks and	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

similar rights and assets, other intangible assets				
Impairment of intangible assets related to exploitation and evaluation of mineral resources	-		-	-
Amortisation of ot her intangible assets	-	62,048	-	62,048
TOTAL	-	62,048	-	62,048

NET AMOUNT	Balance as at 1 January 2019	Balance as at 31 December 2019
Concessions, patents, licences, trademarks and similar rights and assets, other intangible assets	1,178,223	450,608
Intangible assets related to exploitation and evaluation of mineral resources	9,968	701,436
Other intangible assets	92,202	618,375
Advance payments for the purchase of intangible assets	145,480	43,980
TOTAL	1,425,873	1,814,398

During the period of 1 January - 31 December 2020, intangible assets evolved as follows:

COST	Balance as at 1 January 2020	Increments	Reductions/reclassifications related to initial balances	Balance as at 31 December 2020
Concessions, patents, licences, trademarks and similar rights and assets, other intangible assets	794,322	188,000	140,696	841,628
Intangible assets related to exploitation and evaluation of mineral resources	1,029,142	233,374	243,788	1,018,727
Other intangible assets	2,838,594	282,335	549,705	2,571,224
Advance payments for the purchase of intangible assets	43,979	-		43,980
TOTAL	4,706,037	703,709	934,189	4,475,559

Intangible assets are amortised using the straight-line method. Amortisation of intangible assets on January 1 and December 31, 2020.

AMORTIZATION	Balance as at 1 January 2020	Year-end amortisation	Discounts	Balance as at 31 December 2020
Concessions, patents, licences, trademarks and similar rights and assets, other intangible assets	343,714	57,737	140,696	260,756
Amortisation of intangible assets related to exploitation and evaluation of mineral resources	327,706	182,742	243,788	266,661
Amortisation of other intangible assets	2,158,171	436,368	482,742	2,111,797
Contribution	2,829,591	676,847	867,225	2,639,214

ADJUSTMENT	Balance as at 1 January 2020	Year-end adjustment	Discounts	Balance as at 31.12.2020
Concessions, patents, licences, trademarks and similar rights and assets, other intangible assets	-	-	-	
Impairment of intangible assets related to exploitation and evaluation of mineral resources				
Amortisation of o ther intangible assets	62,048	-	62,048	-
TOTAL	62,048	-	62,048	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020

(All amounts are in RON, unless otherwise stated)

NET AMOUNT	Balance as at 1 January 2020	Balance as at 31 December 2020
Concessions, patents, licences, trademarks and similar rights and assets, other intangible assets	450,608	580,872
Intangible assets related to exploitation and evaluation of mineral resources	701,436	752,066
Other intangible assets	618,375	459,427
Advance payments for the purchase of intangible assets	43,979	43,980
TOTAL	1,814,398	1,836,345

Increases in intangible assets consisted of buying licenses, software, other intangible assets (licenses and surveys related to geological exploration activities, construction stability, monitoring instability in operation, mine aeration networks modeling, etc.).

Reductions of intangible assets consisted of scrapping of intangible assets, their unamortised value being of RON 62,048 (surveys regarding the extension of the mining license Tg. Ocna Salt Mine and various software licenses).

In 2020, no advance payments were made for the procurement of intangible assets.

Amortisation of intangible assets is presented in the chapter on accounting policies.

Nota 4.3 - FINANCIAL ASSETS

The Company does not hold shares in the share capital of other companies.

Note 4.4 - OTHER LONG-TERM ASSETS

	Balance as at 31 December 2020	Balance as at 31 December 2019
Other long-term assets/receivables (advance payments for the purchase of assets)	15,291,019	13,746,433
Deferred corporate tax	-	7,003,065
TOTAL	15,291,019	20,749,498

In other long-term assets/receivables, the largest share is held by the environmental recovery guarantees created by the branches to comply with legal obligations (amounting to RON 14,896,533).

Note 5 - STOCKS

Stocks are reported at the lower of cost and net realizable value.

Stocks consist of: raw materials, materials and consumables for production and stocks of finished products, goods (for sale).

Stocks	Balance as at 31 Dec. 2020	Balance as at 31 Dec. 2019

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020

(All amounts are in RON, unless otherwise stated)

Raw materials	424,500	242,013
Consumables, auxiliary materials small inventory and packaging	12,161,189	12,779,361
Production in progress	9,711,706	5,489,790
Semi-finished goods and finished goods	18,879,904	7,060,283
Goods purchased for resale	708,643	825,767
TOTAL	41,885,942	26,397,214
VALUE ADJUSTMENTS	**Balance as at 31 Dec. 2020**	**Balance as at 31 Dec. 2019**
Write-down of raw materials	(57)	2.
Write-down of consumables	(1,694,529)	(1,267,169)
Write-down of semi-finished goods and finished goods	(18,826)	(67,232)
Write-down of goods	(1,674)	(2,505)
Total value adjustments	(1,715,086)	(1,336,908)
Net value of stocks	40,170,856	25,060,306

Stocks of raw materials, materials and consumables, auxiliary materials and spare parts are recorded as stocks at the time of purchase and are transferred to expenses at the time of consumption. The method used for capitalization (consumption) of different types of stocks such as spare parts and consumables is FIFO (first in, first out). The cost of inventories is based on the input value that is recorded in the accounts. These also include the safety stock.

Stocks of finished goods are registered monthly at the pre-calculated cost and at the same time the differences are registered up to the amount of the production cost obtained. The cost of production includes direct and indirect costs using the standard costing method which takes into account the standardised levels of materials and consumables, labour and production capacity. Direct expenses include expenses with raw materials, consumables and auxiliary materials, electricity, expenses with directly productive personnel and are identifiable for each type of product. Indirect costs include those costs that cannot be identified by product but are related to the entire production activity. They are allocated according to the quantity obtained.

The cost of finished products and products in progress includes materials, labour and related indirect production costs.

As at 31 December 2020, impairment adjustments were made for non-moving or slow-moving inventory as follows:

- for stocks of consumables, auxiliary materials, spare parts, impairment adjustments amounted for RON 1,694,529, increasing compared 2019 (RON 1,336,908);

- for stocks of materials in the form of inventory objects, non-moving or slow-moving inventory, impairment adjustments amounted for RON 36,798, increasing compared to 2019 (RON 32,249);

- for stocks of finished goods, the depreciated amount is of RON 18,826, decreasing compared to 2019 (RON 67,232).

- for stocks of goods amounting to RON 1,674, decreasing compared to 2019 (RON 2,505);

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
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- for stocks of slow-moving and non-moving packaging, the depreciated amount is RON 20,781, decreasing compared to 2019 (RON 50,711).In 2019, there were supplies of auxiliary materials, spare parts, other consumables necessary in the production process. 2020 registered increases in such stocks due to the reduction of the production activity, motivated by the reduction in snow removal salt demand.

At the same time, the company acquires spare parts to ensure the electro-mechanical maintenance activity necessary for the equipment used in the production flows. At present, the company has a number of machines that are quite old and are affected by advanced degree of wear and tear and need to be replaced. Consequently, it is necessary to have spare parts stocks to ensure their operation. If stored for longer periods of time, these parts can be damaged.

Over time, both ancillary materials and spare parts were purchased that were no longer used in production as Company beneficiaries ceased activities; this also led to an increase in such stocks.

Note 6 – TRADE RECEIVABLES AND SIMILAR

Trade receivables and other current assets are posted based on their net value:

	Balance as at 31 Dec. 2020	Balance as at 31 Dec. 2019
Accounts receivable and similar accounts	36,461,453	68,730,215
Impairment of trade receivables	(20,877,362)	(21,625,321)
OTHER CURRENT ASSETS	11,909,291	20,125,341
VALUE ADJUSTMENTS	(8,400,475)	(17,123,547)
Deferred expenses	939,414	1,251,694
TOTAL	20,032,321	51,358,382

Nota 6.1 – ACCOUNTS RECEIVABLE AND SIMILAR ACCOUNTS

As at December 31, 2020 and 2019, accounts receivable and the advance payments granted are as follows:

GROSS VALUE	**Balance as at 31 Dec. 2020**	**Balance as at 31 Dec. 2019**
Trade receivables - customers	36,441,484	68,646,240
Advance payments	19,969	83,974
TOTAL	36,461,453	68,730,214
VALUE ADJUSTMENTS	**Balance as at 31 Dec. 2020**	**Balance as at 31 Dec. 2019**
Doubtful accounts	(20,877,362)	(21,625,321)
Total adjustments	(20,877,362)	(21,625,321)
NET AMOUNT	**Balance as at 31 Dec. 2020**	**Balance as at 31 Dec. 2019**
Accounts receivable and similar accounts	15,584,091	47,104,893
TOTAL	15,584,091	47,104,893

Trade receivables include the obligations of internal and external customers to the Company, based on the rules imposed by a market economy.

The biggest dependencies are the deliveries of salt solution to chemical plants Uzinele Sodice Govora and Chimcomplex Borzești, determined by the salt solution transport technology (brine pipelines).

Trade receivables are not interest-bearing and generally, their have a collection period is 0-60 days. On

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
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31.12.2020, there is a significant decrease in the balance, as a result of the significant reduction of orders for snow removal salt by CNAIR (National Road Infrastructure Management) in Q4/2020, compared to the similar period of the previous year.

Note 6.2 OTHER CURRENT ASSETS

As at December 31, 2020 and 2019, current assets are as follows:

GROSS VALUE	**Balance as at 31 Dec. 2020**	**Balance as at 31 Dec. 2019**
Employee-related claims	714,561	845,136
Other outstanding payables to the State budget	2,928,585	1,913,190
Sundry debtors	8,081,588	17,178,483
Interest receivable	-	-
Suspense account	-	-
Other claims (settlements with shareholders related to share capital)	113,720	2
TOTAL	11,838,454	19,936,811

VALUE ADJUSTMENTS	**Balance as at 31 Dec. 2020**	**Balance as at 31 Dec. 2019**
Sundry debtors	(7,941,219)	(17,123,547)
Employee-related claims	(459,256)	
TOTAL	(8,400,475)	(17,123,547)
NET AMOUNT	**Balance as at 31 Dec. 2020**	**Balance as at 31 Dec. 2019**
Other current assets - after adjustment	3,437,979	2,813,264
TOTAL	3,437,979	2,813,264

The group of Receivables related to employees includes amounts to be collected from employees in the form of instalments, according to the contracts for sale/purchase of apartments concluded by Slănic Prahova branch with employees, amounting to RON 74,223 and amounts to be recovered from employees following the audit conducted by the Court of Auditors resulting in actions brought before the court by SNS SA, in total amount of RON 459,256.

Other claims receivable from the Treasury represent amounts to be recovered from the Health Insurance House for medical leave.

In 2020, the amount of RON 8,718,972.41 was removed from accounting records, representing the claim against SC OltChim SA as a result of the final and binding settlement of the dispute. The amount consists of:

- RON 7,110,262.13 - unsecured debt subject to a condition precendent
- RON 32,772.15 - unsecured debt subject to a suspensive condition, representing court fees
- RON 1,575,938.13 - state aid interest difference, calculated pursuant to the provisions of the European Commission Decision No C (2018) 8592.

Sundry debtors include:

- amounts charged to former employees (RON 1,369,908) based on audit documents issued by the Court of Auditors and which are pending before the courts. Allowances for doubtful debts were created for amounts charged to employees and former employees;

- the amount of RON 6,041,505.59 representing the claim against the Oltchim Plant (total claim amounting to RON 24,382,655.66) representing unlawful state aid according to the Decision of the European Commission no. C (2018) 8592; as at 31 December 2020, the receivable is fully adjusted for impairment;

- other receivables related to sundry debtors amounting to RON 670,173.9.

Other receivables amounting to RON 113,720 represent participation in the share capital subscribed and unpaid as at 31.12.2020. Before the end of 2020, a proposal to increase the share capital by RON 113,720 was submitted to Board of Directors for approval and was approved by GMS Decision no. 20/28.12.2020 which will lead to an increase of the share capital from RON 40,936,410 to RON 41,050,130, without the issuance premium.

The amount of RON 113,720 consists of RON 58,000 - contribution of the Romanian State represented by the Ministry of Economy, Entrepreneurship and Tourism and RON 55,720 cash contribution brought by the shareholder Fondul Proprietatea.

Note 6.3 – DEFERRED EXPENSES

	Balance as at 31 December 2019	to be reposted: less than 1 year	over 1 year
Annual operating fee	820,340	820,340	
Miscellaneous differed expenses	431,354	431,354	
TOTAL	1,251,694	1,251,694	-

	Balance as at 31 Dec. 2020	**provisions - due within less than 1 year**	**over 1 year**
Annual operating fee	824,292	824,292	-
Miscellaneous differed expenses	115,039	115,039	-
TOTAL	939,331	939,331	-

Deferred expenses include the fee for mining activities (Order ANRM 198/2009 and GD 350/2015) with payment due in December of the current year for the following year, subscriptions to specialist journals, Official Journal, etc. car insurance and taxes, health cards for voluntary health insurance related to the following year but with advance payment in the reporting year and which are to be allocated monthly for the current expenses of the following year.

Note 7 OTHER FINANCIAL ASSETS

The Company does not have checks, receivables or short-term investments.

Nota 8 – CASH AND CASH EQUIVALENTS

As of December 31, 2020 and 2019, cash and cash equivalents are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

	Balance as at 31 Dec. 2020	Balance as at 31 Dec. 2019
Bank accounts	82,888,319	58,724,981
Cash	301,162	505,130
Restricted cash - letter of guarantee	-	-
Short notice deposits	145,000,000	145,500,000
Other assets (letters of credit)	915,447	
TOTAL	229,104,928	204,730,111

As at the 2020 year-end, the company holds short-term deposits opened with the banks where the company has open accounts (BCR, Banca Transilvania and CEC Bank) for the amounts of the geological fund for investments and technological modernisations. There were no significant non-cash transactions with third parties, either individuals or legal entities, during the reporting period.

Note 9 – EQUITY

As at 31 December 2020, equity structure included:

	Balance as at 31 December 2020	Balance as at 31 December 2019
Statutory share capital (nominal value)	40,936,410	40,936,410
Subscribed and unpaid share capital	113,720	-
Differences from restatement of share capital (IAS 29)	27,751,645	27,751,645
Other equity adjustments (changes in actuarial conditions IAS 19)	(2,071,854)	(1,186,218)
Adjusted share capital		
	66,729,921	67,501,837

As noticeable, the share capital did not change during the 2020 FY.

- Subscribed and unpaid share capital established based on the decision of the General Meeting of Shareholders of December 2020 amounting to RON 113,720. Following the increase of the share capital, the shareholders structure remains the same, namely the Romanian State, through the relevant ministry will hold 51% and Fondul Proprietatea 49%;

- adjustment to share capital resulting from restatements recorded in previous years regarding the application of IAS 29 ”Financial reporting in hyperinflationary economies”: remains unchanged.

- changes in the actuarial conditions of IAS 19 regarding employee benefits represent the loss of value resulting from the actuarial calculation for 2020 and diminish the amount of equity.

As of December 31, 2020, the authorised and fully paid-up share capital of the Company is divided into 4,093,641 ordinary shares with a nominal value of RON 10/share.

The ownership structure of the Company as at 2020 year-end is unchanged compared to the previous period:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

The Romanian State represented by the Ministry of Economy, Energy and Business Environment holds 51% of the share capital as at 31 December 2020;

Fondul Proprietatea SA, holds 49% of the share capital as at 31.12.2020.

Shareholders are entitled to dividends and each share is entitled to one vote at the general meetings of shareholders.

Revaluation reserve

Reserves arising from the revaluation of property, plant and equipment:

Revaluation reserve	Balance as at 31.12.2020	Balance as at 31.12.2019
Revaluation reserve	67,917,570	13,464,004
Deferred tax representing the revaluation reserve surplus on 31.12.2019	(10,866,811)	(2,154,240)
TOTAL	57,050,759	11,309,764

Other reserves	Balance as at 31 December 2020	Balance as at 31 December 2019
Legal reserve	8,187,282	8,187,282
Other reserves	237,276,428	194,014,145
TOTAL	245,463,710	202,201,427

Other reserves consist of the legal reserve and the geological research and development fund established on account of the operating expenses which are diminished by the reversed amount as a result of fixed assets financed from the fund. Thus, for a clear record of the use of this fund, the geological reserve has two specific components: established fund and consumed fund.

For 2020 a geological research and development fund was established amounting to RON 13,450,296 on account of the operating expenses and the amount of RON 30,831,394 was reversed. The initial balance of this fund was RON 156,943,731. The decrease in the geological fund is carried in the revenues accounts with the share of amortisation expenses related to the assets financed from the fund.

Legal reserve

The legal reserve was established in previous years up to the maximum ceiling, namely 20% of the share capital.

Other reserves

In the financial year 2020, the amount of RON 36,540,894 was distributed to Reserves - own sources of financing based on the decision of the general meeting of shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Retained earnings and current earnings

Retained earnings also include differences from the first-time restatement of financial statements in compliance with IFRS (including IAS 29 for share capital):

	Balance as at 31 December 2020	Balance as at 31 Dec. 2019
Undistributed earnings	22,810,598	41,189,656
Earnings from First-time Application of IFRS	88,740,683	88,740,683
Retained earnings from IAS 29 restatement of share capital	(27,751,645)	(27,751,645)
Retained/current earnings, o/w:	**83,799,636**	**102,178,694**
Retained earnings	72,317,870	25,222,906
Current result	11,481,766	76,955,788

Retained earnings occurring due to the first-time Adoption of IFRS, with the exception of IAS 29, has the following structure:

	Balance as at 31 Dec. 2020	**Balance as at 31 Dec. 2019**
Retained earnings generated by the use of cost deemed as fair value at the date of transition to IFRS	79,958,506	79,958,506
Deferred tax recognised on First-time Application of IFRS, with the exception of IAS 29 - IAS 12	8,782,178	8,782,178
Result posted after the first application of the IFRS:	88,740,683	88,740,683

Note 10 - LOANS

short-term loans	Balance as at 31 December 2020	Balance as at 31 December 2019
Concession - short-term maturity component	12,052	12,052
Right to use assets	1,201,979	179,832
TOTAL	1,214,031	191,884

Long-term loans	Balance as at 31 December 2020	Balance as at 31 December 2019
Concession - long-term maturity component	253,092	85,314
Liabilities - active right-of-use asset	2,165,364	1,129,387
Contribution	**2,418,456**	**1,214,701**

The Company has concluded the following contracts:

- land concession contract used at Unirea tourist mine from the Slănic Prahova branch, starting with 1998 for a 45-year period, payable in equal instalments plus additional expenses represented by the inflation rate, representing the current expenditure of the year (the remaining value of the contract as at 31.12.2020 is

RON 265,144);

- concession contract concluded with Oc. Mari City Hall, for a 49-year period, for the land used for salt exploitation at Valcea MF branch; the annual royalty is RON 137,325.76, semi-annual payments, and the annual royalty regularization is invoiced in February, for the previous year and is calculated taking into account the index for the service category, communicated by INS, applied on the reference date, respectively 01.01.2006, until January 1 of the current year (the remaining amount on 31.12.2020 is RON 1,050,678);

- rental contract for the office space for the Administrative Headquarters, starting with 2020 for a period of 3 years (the remaining value on 31.12.2020 is RON 2,316,665).

Note 11 – LIABILITIES

As at December 31, 2020, and 2019, the short-term liabilities of the Company are as follows:

SUPPLIERS AND SIMILAR ACCOUNTS

As of December 31, 2020 and 2019, suppliers and similar accounts are as follows:

SHORT-TERM PAYABLES	Balance as at 31 December 2020	Balance as at 31 December 2019
Suppliers and similar accounts	14,025,809	20,050,637
Employee-related debts	7,212,408	8,329,746
Tax debt	10,021,754	24,365,232
Other short-term debts	2,336,262	1,888,325
TOTAL	33,596,233	54,633,940

SUPPLIERS AND SIMILAR ACCOUNTS	Balance as at 31 December 2020	Balance as at 31 December 2019
Trade receivables	7,578,819	13,555,116
Suppliers of non-current assets	4,162,645	4,510,931
Advance payments collected	2,284,345	1,984,590
TOTAL	14,025,809	20,050,637

Suppliers - represent the trade payables of the company recorded in the balance as at year-end 2020. The decrease of the balance by 44% compared to the previous year is mainly due to the decrease of the debt to the salt transport suppliers for the CNAIR client.

EMPLOYEE-RELATED DEBTS

	Balance as at 31 Dec. 2020	Balance as at 31 December 2019
Employee related liabilities*[1] - IAS 19 - short-term employee benefits	7,212,408	8,329,746
Contribution	7,212,408	8,329,746

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

*) employee benefits < and >1 year (IAS 19) are presented at Note 16

Personnel payables include current personnel expenses due in January of the following year (salaries, sick leave, deductions from employees' remuneration due to third parties, amounts due to staff based on Court Decisions, meal vouchers, management guarantees, leaves pending at the end of the year and other staff-related expenses).

Employee benefits with a maturity period of less than 1 year, calculated for the application of IAS 19, are presented separately in the financial statements.

TAX PAYABLES

Taxes and social security contributions include Taxes and fees due to the state budget and social security budgets due in January of the following year.

	Balance as at 31 December 2020	Balance as at 31 December 2019
Taxes and social security contributions	7,657,354	8,471,088
VAT payable	467,998	1,555,217
Mining royalty	1,628,778	1,861,843
Income tax from operating activities	114,209	187,554
Waste and packaging tax	0	81,644
OTHER TAXES AND LEVIES	142,773	180,751
Other debts payable to the Treasury	10,643	12,027,135
TOTAL	10,021,754	24,365,232

Taxes and social security contributions - represent the tax obligations related to salaries (tax and BASS).

Tax liabilities include taxes and fees specific to the activity: the income tax from the exploitation activity for December (RON 114,209), other taxes and duties (RON 142,773) which cover various fiscal obligations.

Other payables to the state:

The significant deviation from the previous year is due to the cancellation of interest and penalties related to the mining royalty 2010-2013. Following Decision no. 164/17.07.2020 ruled by NAFA and rejecting the appeal filed by SNS SA and the cancellation of the Tax assessment no. F-MC 2317/26.11.2015 issued by DGAMC (Romania's Large Taxpayers' Office), in September 2020 ANAF (Romania's National Tax Office) returned to the Company the amount of RON 38,102,686 representing the mining royalty calculated additionally for the period 2010-2013 and related accessories. This is recognised in the Financial Statements for 2020 in the retained earnings for the amount of RON 45,699,767 and the difference of RON 4,419,411 in non-taxable operating income, this being initially recognised in non-deductible expenses.

Thus, the repayment of the main debit and of the related amounts paid by the Company in 2016, the amount of RON 12,016,492 representing interest and delay penalties, in the balance of the account Other debts to the State Budget at the end of 2019, was followed by the recognition of the main debit, respectively in the retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

OTHER SHORT-TERM DEBTS	Balance as at 31 December 2020	Balance as at 31 December 2019
Dividends payable		
Sundry creditors	2,320,169	1,573,303
Deferred income < 1 year	16,093	315,022
TOTAL	2,336,262	1,888,325

The Company pays the dividends to shareholders annually, in the year in which they are constituted as a payment obligation approved by Decision of the General Meeting of Shareholders.

Sundry creditors features information about the performance guarantees and the guarantees paid by various partners to participate in procurement tender procedures.

Note 12 – LONG-TERM LIABILITIES

Trade payables and other long-term debts	Balance as at 31 December 2020	Balance as at 31 December 2019
VAT and other tax liabilities - long-term	9,694	11,851
Sundry creditors > 1 year	85,934	85,934
Deferred tax	3,282,345	-
Long-term employee benefits (IAS 19)	11,818,379	10,616,723
TOTAL	15,196.	10,714,508

The benefits of long-term employees are established by actuarial calculation for the application of IAS 19, based on calculation assumptions from the Collecting Bargaining Contract of SNS and represent the component with maturity exceeding one year.

The changes in the net debt regarding the benefit determined in the financial year ended on December 31, 2020 and 2019 are presented in the table below:

	Opening balance	Expenditure included in the profit and loss account		Actuarial (gains) / losses included in other comprehensive income	Closing balance
	01 Jan. 19	Cost of service	Cost of interest	Actuarial changes	31 Dec. 19
Net defined benefit liability	9,115,370	141,996	457,131	1,186,218	10,616,723
Total net liabilities	9,115,370	141,996	457,131	1,186,218	10,616,723

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

	Opening balance	Expenditure included in the profit and loss account		Actuarial (gains) / losses included in other comprehensive income	Closing balance
	01.ian.20	Cost of service	Cost of interest	Actuarial changes	31.dec.20
Net defined benefit liability	10,616,723	156,471	472,491	885,636	11,818,379
Total net liabilities	10,616,723	156,471	472,491	885,636	11,818,379

For 2020, deferred corporate tax amounts for RON 3,282,345 carried as liability and is presented in Note 14.

Note 13 – Investment subsidies

Investment subsidies

Investment subsidies	Balance as at 31 December 2020	Balance as at 31 December 2019
Investment subsidies < 1 year	349,705	339,532
Investment subsidies > 1 year	3,494,753	3,848,422
TOTAL	**3,844,458**	**4,187,954**

The **largest share** is the co-financing component for the investment made in Cacica using European Funds (SOPIEC) - refurbishment of the recrystallised salt installation, in total amount remaining of RON 3,821,880 (RON 327,127 in the short-term and RON 3,494,753 in the long-term).

Note 14 – DEFERRED AND CURRENT CORPORATE TAX LIABILITY

Deferred corporate tax information for the financial year 2020 is presented only for reasons of comparability with the financial year 2019.

Deferred tax is calculated on 31.12.2020 and reported as debt.

	Balance as at 31 December 2020	Balance as at 31 December 2019
Current tax liability		
Deferred tax liability	3,282,345	
	3,282,345	-

	Year 2020	Year 2019
Deferred tax resulting from the first-time restatement of the Financial Statements for the purposes of IFRS compliance - 2014 (assets)	8,782,178	8,782,178

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Deferred tax related to restatement	5,559,455	5,559,455
Provisions	1,459,094	1,851,540
Reversal of write-down of long-term and current assets	565,917	1,746,309
Revaluation reserve	(10,866,811)	(2,154,240)
Deferred tax on 31.12.2020 - liability	(3,282,345)	7,003,064

Deferred tax was calculated on the basis of temporary differences, namely: revaluation differences, provisions for risks and expenses, depreciation adjustments for property, plant and equipment, property, plant and equipment in progress, inventories, accounts receivable and sundry debtors.

An important component is the deferred tax on revaluation differences, which increased in 2020 after the revaluation of fixed assets was recorded; the difference was established for each provision of risks and charges and for each adjustment for depreciation.

The corporate income tax for 2020, amounting to RON 4,419,414 was calculated as follows:

	Year 2020	**Year 2019**
A. ACCOUNTING PROFIT	18,788,657	82,317,180
A1. Assimilated income	1,544,996	3,177,649
B.TAX DEDUCTIONS (B1:B4):	45,242,536	118,728,647
B.1. LEGAL RESERVE (A * 5%)		
B.2. NON-TAXABLE INCOME-cancellation of increases, debt recovery	4,425,162	970,671
B.3. NON-TAXABLE INCOME - reposted non-deductible provisions	14,878,909	97,091,525
B.4. AMORTIZATION FOR TAX PURPOSES	20,339,727	20,666,451
B.5 REVALUATIONS	5,598,738	0
C. NON-DEDUCTIBLE EXPENSES (C1:C13):	53,801,935	66,454,412
C.1. PENALTIES, LATE PAYMENT PENALTIES	48,786	21,228,941
C.2. NON-DEDUCTIBLE TRAVEL EXPENSES	66,900	98,086
C.3. FIXED ASSET WRITE-OFF EXPENSES	80,434	576,.349
C.4. MATERIALS WRITE-OFF EXPENSES + VAT	68,244	20,997
C.5. NON-DEDUCTIBLE HOSPITALITY EXPENSES + VAT		
C.6. ADVERTISING EXPENSE + VAT		
C.7. LOSSES FROM SUNDRY DEBTORS + VAT	0	73,146
C.8. SPONSORSHIP EXPENSES		36,155
C.9. ACCOUNTING DEPRECIATION EXPENSES	22,167,776	21,421,382
C.11. OTHER NON-DEDUCTIBLE EXPENSES WITHOUT VAT	16,894,361	22,890,109
C.12. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE > 5%		
C.13. OTHER NON-DEDUCTIBLE EXPENSES 34 PURSUANT TO GEO 34/2009	105,642	109,247
C.14 REVALUATION	14,369,792	0
D. TAXABLE REL. TO LOSS (A-B+C)	28,893,052	33,220,594
E. TAX PROFIT TO CARRY FORWARD	151,668	-
F. TAXABLE PROFIT (D-E):	29,044,720	33,220,594
G. CORPORATE INCOME TAX (F*16%):	4,647,155	5,315,295
H. SPONSORSHIPS DEDUCTIBLE FROM CORPORATE INCOME TAX ACC. TO ART 31(4)	0	36,155
I. BONUSES	(227,741)	
J. CORPORATE INCOME TAX (G-H)	4,419,414	5,279,140

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

No payments were made in 2020, because the Company had to recover the amount of RON 6,893,811 from 2019.

The final balance of the corporate income tax as at 31.12.2020 is RON 2,474,395 and represents a receivable from the state budget.

Compared to the previous year, the calculation of the corporate income tax included significant decreases in the amount of non-taxable income and non-deductible expenses, which affected the tax base.

In 2019, there were cancellations of expenses with provisions for risks and charges regarding the payment of the mining royalty and of related accessories related to the for 2014 - 2017, recorded in previous years in non-deductible expenses. In 2019, these budgetary obligations were paid, following the Tax Audit Report; the main debt (mining royalty) was considered deductible expenses and the related accessories were considered non-deductible expenses.

At the same time, the allowances for doubtful customers - Oltchim were reconsidered following the opening of bankruptcy proceedings, from non-deductible expenses cancelled by non-taxable income and registration in deductible expenses, according to the rules of the fiscal code.

Other non-deductible expenses include: a) provisions for risks and charges for commercial litigations, labour disputes with former and current employees, workers profit participation fund for the current year which is paid the following year in compliance with legal requirements, compensations granted to former owners from the areas affected by the mining activity at the Ramnicu Valcea branch; b) write-down of current assets (inventories, sundry customers and debtors) and impairment of non-current assets (property, plant and equipment that have remaining value to be depreciated at the end of the year and have an advanced degree of wear and tear, for which the decommissioning procedure will commence, as well as property, plant and equipment which are in preservation or out of operation); c) wages and salaries expense that did not participate in the economic activity of the Company during the period from the beginning of the year until the effective date of dismissal, for employees made redundant during the financial year according to a restructuring program approved by the Company management; d) expenses with the provision for post-employment benefits in accordance with IAS 19.

The bonuses granted in 2020 are: from the application of a percentage to the tax calculated and paid for the first three quarters of 2020 (GEO 33/2020 and GEO 99/2020) on the one hand and on the other hand from the decrease of the equivalent amount of the cash registers purchased in the last quarter of 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Note 15 – PROVISIONS

Note 15.1 – SHORT-TERM PROVISIONS

Statement of short-term provisions:	Balance as at 31 December 2020	Balance as at 31 December 2019
Provisions for dispute resolution - short-term	1,857,747	1,008,897
Other provisions - short-term	5,484,686	8,546,126
Provisions for restructuring - Valcea Mining Facility	0	7,308,000
TOTAL	7,342,433	16,863,023

Detailed description of movements in provisions for 2020:

Name of provision	Balance as at 1 January 2020	New	Reposted	Balance as at 31 Dec. 2020
1. Provisions for litigation	1,008,897	43,300	530,558	521,639
Labour disputes, possible salary rights that are the subject of lawsuits, unresolved cases regarding the non-granting of the annual reward according to the provisions of the collective labour agreement (CLA);	1,008,897	43,300	530,558	521,639
2. Provisions for the profit-sharing plan	4,054,659	1,275,753	3,873,999	1,456,413
Fund for employee participation in realised profit	4,054,659	1,275,753	3,873,999	1,456,413
3. Provisions for environmental works and compensation	3,587,000	-	732,678	2,854,322
Compensation for Râmnicu Vâlcea Mining Facility, Bistrița Quarry	3,587,000	-	732,678	2,854,322
4. Provision for the variable component (GO 109/2011), administrators and general manager	819,804	120,648	746,447	194,005
5. Other provisions	7,392,662	2,316,054	7,392,662	2,316,054
Provision for severance packages - Mining Facility in Valcea	7,308,000	-	7,308,000	-
Provision for payments to sundry suppliers	84,662	2,316,054	84,662	2,316,054
GRAND TOTAL	16,863,022	3,755,755	13,276,344	7,342,433

At the end of the financial year 2020, an analysis of the provisions established in the previous years was carried out; based on this analysis, the Company made decisions regarding either the establishment of new provisions or provision reductions.

The **provision for labour disputes in the amount of RON 521,639** was established for disputes with employees for annual rewards not granted from previous periods, according to the provisions of the collective bargaining contract in force, which are pending before the courts and are to be paid in subsequent periods, depending on the decisions ruled by the courts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Provisions for the establishment of the workers profit participation fund: the provision was established for employee participation in the profit and is calculated pursuant to the provisions of the legislation specific to wholly or majority government-owned companies and of the Collective Labour Agreement, more specifically by applying a maximum percentage of 10% of net profit, but without exceeding a legal ceiling of the average salary at Company level, established by Order of the Ministry of Finance.

In 2020, the amount of RON 3,873,999 was also paid for the employees' participation in profit-sharing for 2019 and a provision was established amounting to RON 1,275,753 with payment due in 2021.

Provisions for environmental works and compensation:

Provisions for compensation - an assessment of compensation to the owners affected by the operation of the Ramnicu Valcea MF branch. As a result of compensations paid by the Company in 2020 to the owners affected by operating activities, the amount of the provision was reduced by RON 732,678.

For the variable component, administrators and general manager: RON 194,005 includes the value of the variable component established in the management contracts of the members of the Board of Directors and a difference to be granted to the general manager for the previous years to be paid in 2021.

Note 15.2 – LONG-TERM PROVISIONS

	Balance as at 31 Dec. 2020	**Balance as at 31 Dec. 2019**
Provisions for decommissioning of tangible assets	16,457,331	16,457,331
Provisions for decommissioning of tangible assets - long-term > 1 year	16,457,331	16,457,331

The provision for the dismantling and assembly of property, plant and equipment as well as site restoration (PIA) amounting to RON 16,457,331.

The legal basis for this provision is the Joint Order no. 202/2881 /2348 of 2013 issued by ANRM (National Agency for Mineral Resources) / MMSC (Ministry of Environment and Climate Changes) / ME (Ministry of Economy).

The amount of the provision for environmental remediation expenses remains unchanged at 2020 year-end.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Note 16 – EMPLOYEE BENEFITS

Employee benefits were determined by actuarial calculation based on CLA assumptions:

	Balance as at 31 Dec. 2020	Balance as at 31 Dec. 2019
Benefits for employees < 1 year	10,231,597	9,571,617
Employee related liabilities > 1 year	11,818,379	10,616,723
TOTAL IAS 19	**22,049,976**	**20,188,340**

Employee benefits are established by actuarial calculation based on collecting bargaining contract (CLA) assumptions: The present value of the obligations regarding the established benefits and the cost of the related current services was established using the Projected Unit Credit Method. The benefits for which provisions were established are as follows:

- short-term benefits representing loyalty bonuses granted annually to employees according to CLA provisions;

- post-employment benefits representing the amounts owed by the Company upon retirement according to CLA provisions.

NOTE 17 – STAFFING NUMBERS AND MANAGEMENT

Information about employees:

The existing staff structure of *Societatea Națională a Sării S.A.* as at December 31, 2020, and as at December 31, 2019 respectively by professional categories:

Categories of personnel	31 December 2020	31 December 2019
Technical, economic and management personnel	386	409
Workers: O/W	1,121	1,255
underground	498	478
Total employees	1,507	1,664

Information about the corporate management

starting with 09.11.2019, by Decision of the Board of Directors, Mrs. Gabriela Izabela Mantucu was appointed General Manager for the period 09.11.2019- 31.10.2020.

Over 20.07.2020-20.11.2020, Mr. Constantin-Catalin Radu was General Manager appointed by Decision no. 17/16.07.2020 of the Board of Directors.

Remuneration of the General Manager and the members of the GMS, BoD:

According to the contracts of mandate, the administrators and the general manager of the Company benefit from remunerations consisting of two components, fixed and variable pay. The variable pay is correlated with the performance indicators established by Decision of the General Meeting of Shareholders for a 4-year period, pursuant to Government Decision No. 109/2011.

For 2020, a provision was maintained amounting to RON 73,357 representing quarterly variable components related to previous years for the general manager, and at the end of the financial year for 2020, a provision was established amounting to RON 120,648, for the variable component of the board of directors.

GMS members do not receive any remuneration from the Company.

Number of members of the General Meeting of Shareholders and of the Board of Directors:

- Number of GMS members 3
- Number of BoD members 5

No salary advance or loans were granted to any Company employee during 2020 FY.

The Company has no contractual obligations regarding the payment of pensions to former directors or administrators.

Note 18.1 – REVENUES

Revenues from sales include:

Revenues from sales	For the financial year ended: 31 December 2020	31 December 2019
Revenues from the sale of finished goods	214,301,679	321,494,941
Revenues from the sale of residual products	195,436	205,697
Revenues from other works and services rendered	601,359	954,529
Proceeds generated on goods sold	23,821,658	24,933,523
Revenues from tourism services	15,069,822	30,271,325
Revenues from Saleduct transport	2,205,226	5,478,486
Revenues from sundry activities	220,312	558,109
Revenues associated with the cost of services in progress	0	138,943
Trade discounts received	(5,302,435)	(3,315,670)
TOTAL	251,113,057	380,719,883

Revenues realised in 2020 are obtained from the sale of Company products (salt, limestone) on the domestic and foreign markets, from tourist activities and from other commercial operations such as various transport services, repairs, cavernometry, etc.

The largest share in the turnover structure, achieved from the sale of salt and non-metallic products is represented by the revenues from the sale of rock salt for the chemical industry, which accounts for about 34%, followed by the de-icing salt, which accounts for about 29%

Societatea Națională a Sării - SA produces and sells the following main groups of products: salt (rock salt, salt solution or liquid and recrystallised salt), limestone and other non-metallic, salt-based products (tablets, seasoned salt, food supplements, bath salts, etc.).

In addition to these products, the Company carries out other complementary activities, as follows:

- tourism activities;
- wholesale and retail trade;

  and

- manufacturing and repairing spare parts;
- environmental protection;
- other services needed to carry out the main business activity of the company.

The accounting records reflect the turnover as follows:

- Revenues from finished goods broken down into salt solution, rock salt and recrystallised salt, micro-production, by branch;
- Revenues from residual products broken down by branch;

Revenues generated by the provision of services, the sale of goods and other income from related activities, are broken down by branch, are included in the tourist activities which include: mine visit tickets and swimming pool access tickets, other food and non-food products sold in (non) specialised shops and in canteens, restaurant, bars, etc.

The tourism activity (about 8% of turnover) is determined by retail sales, bars, restaurants, swimming pool, recreational activities.

Revenues from sales	For the financial year ended: 31 December 2020	31 December 2019
Revenues from the sale of finished goods	214,301,679	321,494,941
Revenues from the sale of residual products	195,436	205,697

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Revenues from other works and services rendered	601,359	954,529
Proceeds generated on goods sold	23,821,658	24,933,523
Revenues from tourism services	15,069,822	30,271,325
Revenues from Saleduct transport	2,205,226	5,478,486
Revenues from sundry activities	220,312	558,109
Revenues associated with the cost of services in progress	0	138,943
Trade discounts received	(5,302,435)	(3,315,670)
TOTAL	251,113,057	380,719,883

In 2020, as well as in 2019, the Company sold finished goods from a warehouse attached to the headquarters ("headquarters" branch), received by transfer from the manufacturing branches, in order to sell them.

When the stocks of finished goods were transferred from the accounts of the manufacturing branch to the accounts of the Headquarters branch, they were carried as goods.

When they were sold, the warehouse recorded revenues from the sale of goods, although in essence, these are revenues from the sale of finished goods. For accurate reflection of the type of sales revenues, we present the impact of the reclassification adjustments that would be necessary to rectify the accounting records:

2020	**Sales of finished goods**	**Proceeds generated on goods sold**
Incomes of the Company	214,301,679	23,821,658
Correction of revenues, by	18,768,167	(18,768,167)
Adjusted revenues	233,069,847	5,053,491
2019	**Sales of finished goods**	**Proceeds generated on goods sold**
Incomes of the Company	321,494,941	24,933,523
Correction of revenues, by	17,007,787	(17,007,787)
Adjusted revenues	338,502,728	7,925,736

NOTE 18.2 – CHANGES IN INVENTORIES

In 2020, as well as in 2019, the Company sold finished goods manufactured by other branches from a warehouse attached to the SNS headquarters. When the stocks of finished goods were transferred from the accounts of the manufacturing branch to the accounts of the Headquarters branch, they were carried as goods, although in essence, these were finished goods stocks. The impact of the transfer accounting notes remained: Dr Goods Headquarters = Cr Finished goods Manufacturing Branch. When these stocks were sold by the Headquarters Branch, their write-off was posted under account 607 “goods for resale” and not under account 711 “changes in inventories”. Since the stocks represent finished products, and these were obtained by the manufacturing branch by generating revenue in account 711 “changes in inventories”, when they are written off, an expense should be recorded in account 711 “changes in inventories”.

The table below shows the impact of the reclassification adjustments that would be necessary to correct the accounting records for an accurate reflection of the nature of stock disposal expenses:

2020	Changes in inventories: revenue/ (expense)	Expenses related to goods
Expenses incurred by the Company	27,963,980	(13,027,769)
Correction of expenses, by	(10,851,308)	10,851,308
Adjusted expenses	(17,112,672)	(2,176,461)
	Changes in inventories: revenue/ (expense)	Expenses related to goods
2019		
Expenses incurred by the Company	20,865,158	(14,271,515)
Correction of expenses, by	*(9,178,889)*	*9,178,889*
Adjusted expenses	11,686,269	(5,092,626)

	31 December 2020	31 December 2019
Variation of inventories	27,963,980	20,865,158

NOTE 19 – OPERATING EXPENSES

EXPENSES ASSOCIATED TO RAW MATERIALS, CONSUMABLES AND GOODS

Raw materials, consumables and goods have the following component:

	for the financial year ended	
Raw materials, consumables and goods	31 December 2020	31 December 2019
Raw materials	(965,228)	(1,392,455)
Auxiliary materials	(8,846,101)	(10,400,381)
Fuel	(5,401,674)	(8,787,997)
Packaging materials	(5,163,712)	(5,245,235)
Spare parts	(2,833,768)	(4,583,572)
Expenses related to other consumables	(784,671)	(770,645)
Small inventory	(974,985)	(1,642,097)
Materials not stored	(23,473)	(51,678)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Goods *"Note 18.2"*	(13,027,769)	(14,271,515)
Packaging	(1,713,396)	(1,778,495)
Trade discounts received	23,675	47,087
TOTAL	(39,711,102)	(48,876,981)

Staff costs	**for the financial year ended 31 December 2020**	**concluded on 31 December 2019**
Payroll costs	(103,521,066)	(102,912,133)
Salaries - court decisions	(869,085)	(597,379)
Meal tickets and holiday vouchers - employees	(8,095,415)	(8,377,705)
Profit-sharing plan	(3,873,999)	(4,237,010)
As at 2020 year-end, the change in inventories increased significantly compared to the previous year.Reversal - 2017 provision - employee participation in profit	3,837,999	4,239,000
Social security contributions	(13,832,011)	(14,332,268)
Severance paid laid off staff	(7,245,000)	
Employee benefits IAS 19	(503,509)	(783,696)
Revenues from provisions - employees	7,775,558	-
Salaries - furlough	(490,885)	
TOTAL	(126,781,413)	(127,001,190)

In 2020, severance was paid to laid-off staff amounting to RON 7,245,000. This amount does not impact the current year's profit and loss account; a provision amounting to RON 7,308,000 established in 2019, was reversed to revenues.

The line Employee meal vouchers included the holiday vouchers for 2020 in amount of RON 2,932,920.

Depreciation and value adjustments	for the financial year ended 31 December 2020	concluded on: 31 December 2019
Amortisation expenses	(22,167,776)	(20,305,146)
Value adjustments (expenses) related to tangible and intangible assets	(1,665,973)	(2,289,828)
Value adjustments (revenues) related to tangible and intangible assets	665,868	27,760
Amortisation of investment subsidies	7,078,347	5,628,752
Expenses for leasing assets depreciation	(953,509)	(33,450)
	(17,043,043)	(16,971,912)

The rights and obligations arising from the concession contracts and leases were reclassified starting with 2019, as rights-of-use (in 2019 the concession contract between Ocnele Mari City Hall and SNS SA - Mining Exploitation Branch, and from 2020 the lease for headquarters) for the purposes of IFRS 16 compliance.

Note 20 – SALES BY SEGMENTS AND CUSTOMERS

Sales in 2020 decreased compared to 2019, due to factors independent of the Company's decisions:

- salt solution and limestone - decrease in revenues by 48.93% compared to the previous year generated mainly by the full termination of the supply agreement for salt solution and limestone by Ciech Soda Romania and the cessation of activity starting with September 2019.
- de-icing salt - due to decline in orders to less than 50% of the contracted quantity - no snowfalls and short periods of frost;

Salt for the chemical industry - with a different situation: we registered a quantitative increase by 3.35%, and a value increase by 9.39% determined by the quantitative increase and by an increase in the price of the agreement by approx. 5.8%.

Evolution of SNS deliveries in 2019-2020

The table below reflects the evolution of quantities of products delivered and of revenues from sales for the Company in 2019-2020:

	UoM	2020	2019	(%)
Quantities of products delivered, o/w:	Tons	1,453,639	2,846,447	(48.93)
- domestic market	Tons	1,017,368	2,408,142	(57.75)
- foreign market	Tons	436,271	438,305	(0.46)
Value of products delivered, o/w:	Thousand - lei	230,889	335,205	(31.12)
- domestic market	Thousand - lei	146,922	255,771	(42.56)
- foreign market	Thousand - lei	83,967	79,434	5.71

A comparative view of the revenues generated by selling the main product groups:

Value (thousand RON)		%	Quantity (tons)		%
2020	2019		2020	2019	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Total, out o/w:	230,889	335,205	(31.12)	1,453,639	2,846,447	(48.93)
LIMESTONE	9,681	26,238	(63.10)	348,024	882,455	(60.56)
SALT SOLUTION	16,521	24,780	(33.33)	311,556	835,398	(62.71)
SNOW-REMOVAL SALT	65,806	154,436	(57.39)	251,163	598,617	(58.04)
ROCK SALT FOR CHEMICAL INDUSTRY	77,348	70,708	9.39	402,455	389,419	3.35
OTHER	61,533	59,041	4.22	140,441	140,558	(0.08)

For the **domestic market**, the Company supplies edible salt for direct human consumption and for the food industry, salt solution and limestone for the chemical industry, lumps and briquettes for the livestock industry, water softener salt tablets, industrial salt for snow-removal.

In Q4/2020 sales were impacted by the reduction of orders for de-icing salt by CNAIR to 73,546 tons, compared to 202,187.56 tons delivered in Q4/2019.

In the **foreign market**, we note a decrease in revenues from the sale of salt, due to a decrease in the market share in Slovakia in the segment of industrial salt for the chemical industry and de-icing salt, and a reduction in the export of recrystallised salt to neighbouring countries (due to the non-competitive price/cost). The foreign market consisted in traditional customers from Hungary, Serbia, Slovakia, Bulgaria and the Republic of Moldova, with small quantities exported to other countries, such as Croatia and Austria.

These products are distributed through the Company's retail warehouses and through the sales departments of the branches.

Tourism business

The total revenues (RON 19,523 thousand) earned in 2020 by selling tourist services and goods in the tourist facilities account for 48.93% of the previous year's revenues (RON 39,901 thousand) due to the decrease in the number of visitors from 1,614 thousand in 2019 to 709 thousand in 2020.

Tourism was significantly affected by the action taken to restrict the spread of the COVID-19 pandemic. Between March 15 and June 15, 2020, tourist facilities were closed and activities were resumed in compliance with the social distancing requirements (diminished transport and accommodation capacity) and without reopening restaurants, cafes, playgrounds, etc.

Tourism services in total turnover

In 2020, tourism revenues accounted for 7.77% of the Company turnover, compared to 10.48% in 2019.

The expenses incurred for the tourism activity, amounting to RON 22,405 thousand, represent 70% of the previous year expenses (RON 31,980 thousand). This decline in expenses up to 70% could not compensate for the sudden loss of revenues and thus, for the first time, the tourism activity reported losses amounting to RON 2,882 thousand at the end of 2020.

Note 21 – OTHER OPERATING REVENUE

	for the financial year ended:	
Other operating revenues	31 December 2020	31 December 2019
Revenues from research studies		
Rental and royalty income	147,477	200,668
Revenues from operating subsidies furlough	726,036	
Revenues from revaluation of tangible assets	5,598,738	-
Revenues from compensations, fines and penalties	145,331	206,398
Proceeds from disposal of assets and other capital transactions	13,801	14,336
Adjustments related to provisions (revenues)	1,626,787	60,469,405
Other operating revenues	4,909,130	2,990,682
TOTAL	13,167,300	63,881,488

Other operating revenue in 2020 came mainly from increases in value related to property, plant and equipment established by independent surveyors in the revaluation done as at 31.12.2020, for assets that recorded impairment losses at previous revaluations (RON 5,598,738).

“Other operating revenues” includes the amount of RON 4,419,411, a component of the amount returned by NAFA, which was initially recognised in non-deductible expenses.

Note 22 – OTHER OPERATING EXPENSES

Other operating expenses include:

	For the financial year ended:	
	31 December 2020	**31 December 2019**
Electricity, heating and water	(10,999,754)	(13,436,909)
Maintenance and repair expenses	(1,520,014)	(2,125,688)
Royalties and rental expenses	(551,959)	(1,433,098)
Mining royalty expenses	(6,366,524)	(12,271,654)
Insurance premiums	(178,040)	(276,727)
Research expenses	(49,600)	(66,750)
Training expenses	(138,551)	(258,438)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020

(All amounts are in RON, unless otherwise stated)

Commissions and fees	(9,485)	(16,706)
Promotion and advertising	(32,309)	(25,594)
Externally contracted manpower	(2,649)	-
Hospitality expenses	(41,391)	(90,465)
Transport of goods and personnel	(32,847,910)	(47,259,582)
Travel expenses	(457,280)	(841,899)
Postage	(488,357)	(470,455)
Banking services	(240,196)	(281,230)
Other third party services	(9,096,749)	(11,405,982)
Security	(3,966,545)	(3,589,156)
Maintenance and operation of computer technology	(151,325)	(136,491)
Property revaluation services	(6,000)	(56,500)
Advertisements	(11,196)	(13,665)
Customs formalities	(13,431)	(18,380)
Other taxes and fees	(3,374,841)	(5,556,132)
Expenses from revaluation of tangible assets	(14,369,792)	
Environmental protection	(21)	(187,829)
Increases and penalties	(49,860)	(21,253,549)
Sponsorship	-	(36,155)
Long-term assets	(92,151)	(476,208)
Establishment of geological fund	(13,450,296)	(19,763,080)
SNS overheads	(W)	29
Other operating expenses	(234,147)	(38,623,714)
Value adjustments (expenses) related to receivables	(85,284)	(33,805,192)
Value adjustments (revenues) related to receivables	(9,655,982)	32356491
Losses generated by bad and sundry debtors	(8,718,972)	(84,238)
Value adjustments (expenses) related to inventories	(477,847)	(106,682)
Value adjustments (revenues) related to inventories	-	-
Adjustments of the provisions (expenses)	(3,755,755)	(11,695,172)
Exchange difference (expenses)	(528,433)	(685,691)
Exchange difference (revenues)	1,854,892	2,187,636
TOTAL	(100,795,799)	(191,804,854)

Note 23 – EARNINGS FROM FINANCIAL ACTIVITIES

	For the financial year ended:	
	31 December 2020	31 December 2019
Financial result		
Interest income	2,245,573	3,047,525
Interest costs	(579,637)	(519,637)
Other financial revenues	9,565	28,617
Other financial expenses	(0)	(82,252)
TOTAL	1,675,502	2,545,172

Note 24 – TAX LEGISLATION

The Romanian tax system is going through a process of consolidation and harmonisation with European legislation. In this context, there are still different interpretations of the tax legislation. In specific cases, the tax authorities may treat certain aspects in a different manner, proceeding to the calculation of taxes and additional charges, as well as to the calculation of late payment interest and penalties.

Such inherent risks generated by taxes and other fiscal obligations arise from the perpetual and sometimes contradictory fiscal changes, but also from interpretations to the tax legislation

given by audit bodies with the goal to collect more taxes to the state budget, social security budget or local budgets.

Starting with January 2016, the interest rate per day of late payment decreased from 0.03% to 0.02%; Penalties were also reduced, from 0.02% to 0.01% on each day of delay. Also, a penalty of 0.08% per day was introduced in 2016 for failure to submit tax returns.

The Company management appreciate that the Company adequately reflected all tax obligations in the financial statements attached; however, there is a risk that tax authorities may take a different position on the interpretation of such aspects. Their impact could not be determined to date, but we appreciate that there will be no significant effects on the financial position and earnings of the Company.

Pursuant to the provisions passed by the Ministry of Public Finance on the taxation of share capital elements (*i.e.* reserves) which are not subject to the calculation of income tax at their maturity date, should the Company change the purpose of such reserves in the future, e.g. revaluation reserves (distribution to shareholders in the form of dividends) this will lead to additional income tax expenses.

Note 25 – COMMITMENTS AND CONDITIONALITIES

Note 25.1 – COMMITMENTS

The Company did not conclude any agreements that generate significant cash outflows or that include clauses establishing major obligations in the future or that generate contracts for subsequent obligations.

Note 25.2 – GUARANTEES RECEIVED/GRANTED

Goods encumbered by guarantees (mortgages, guarantees)

As at December 31, 2020, the Company has no goods encumbered by guarantees (mortgages, pledges or other similar collaterals attached to fixed assets, receivables or inventories) in favour of banks because no loans were taken for operating activities and investments.

Guarantees received

The guarantees received are performance bonds, collaterals attached to procurement procedures and a concession in Slănic Salt Mine.

Cash Collateral-based securities

The company does not have Bank Guarantee Letters placed at the disposal of partners.

Note 25.3 – ENVIRONMENTAL CONDITIONALITIES

No environmental events were recorded during 2020 and no sanctions were imposed by the environmental authorities.

The Company carries out mineral extraction activities in locations defined by licenses (salt and limestone mines or saltwater extraction wells); upon cessation of operation, the Company will perform soil remediation works and mine closures, greening, and post-closure monitoring works.

Environmental obligations by branch:

Ocna Dej Salt Mine - environmental protection activity is regulated pursuant to the Environmental Permit no. 213/25.11.2019 (valid throughout the period when the beneficiary may obtain the annual approval) and to the Water Management Permit no. 14/CJ/04.04.2019 (valid until 04.04.2022), documents issued by the environmental protection authorities, pursuant to the legislation and regulations in force. Environmental works scheduled and carried out in 2020 at Ocna Dej Salt Mine:

- environmental monitoring, services, training, environmental fund contribution, waste disposal.
- excavation and backfilling works, water management, vegetation restoration works, monitoring of restoration works;

Praid Salt Mine - environmental protection activity is regulated pursuant to the Environmental Permit no. 179/23.11.2011, until 23.11.2021, and to the Water Management Permit no. 408/01.11.2019 (valid until 01.11.2024), documents issued by the environmental protection authorities, pursuant to the legislation and regulations in force.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
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Environmental works scheduled and carried out in 2020 at Praid Salt Mine:

- waterproofing works for the old facility - removal of suffusion gaps, cleaning of drains and related drainage works, arrangement of the Varga and Saros drainage gallery (deposit protection), consolidation of the roof foundation of the losif well, maintenance of ditch guards around Elisabeta pit;

- chemistry analyses on water samples conducted by a licensed laboratory - SC Wessling Romania Tg. Mureș / smoke analysis;

- tank cleaning services; rehabilitation of Telegdy ventilation shaft.

Salina Cacica - in 2020, the environmental protection activity was carried out pursuant to the Environmental Permit no. 392/30.08.2011, reviewed on 21.04.2016 (valid for 10 years, until 30.08.2021), and to the Water Management Permits no. 111 /11.07.2017 for Cacica facility (valid until 11.07.2020), no. 110/11.07.2017 for Partestii de Jos facility (valid until 11.07.2020) and no. 120/10.08.2017 for the saltwater basin in the old facility of Cacica Slat Mine, all valid until 10.08.2020. The water management permit was obtained again as permits no. 172/19.11.2020 valid until 19.11.2025 and no. 173/19.11.2020, valid until 19.11.2025.

Slănic Salt Mine - environmental protection activity is regulated pursuant to the Environmental Permit no. 104/05.06.2019, reviewed on 13.11.2019 and valid until 05.06.2024, and to the Water Management Permit no. 212/18.10.2019, valid until 31.10.2021.

In 2020, Slănic Salt Mine reported environmental expenses for:

environmental review (wastewater, exhaust gas, powders, noise);

water management services;

sanitation services;

environmental permit review / approval.

Targu Ocna Salt Mine - in *2020* - environmental protection activity was regulated pursuant to the Environmental Permit no. 171/15.10.2010 valid until 15.10.2020, for rock salt extraction, which was subsequently replaced by Permit no. 211 /25.11.2020, to Permit no. 61/04.03.2011 valid until 04.03.2021 for salt solution and pursuant to the Water Management Permit no. 7/15.01.2019 valid until 15.01.2022.

The main environmental works carried out in 2020 target:

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(All amounts are in RON, unless otherwise stated)

- Mine drainage, Moldova Veche mine;
- Monitoring of instability phenomena related to the exploitation of the deposit from Fetele Targului-Trotus Mine. Actions to reduce instability and its influence on safe exploitation operations for workers and work equipment.
- Restoration of the fences at Ocnele Vechi;
- Maintenance, repair and development of the surface water collection and drainage system (drains, gutters, ditches);
- Monitoring the quality indicators of wastewater discharged in the city sewerage network;
- Cavernometric control operations on wells;
- Maintenance and cleaning of access roads, well platforms and their fencing;
- Maintenance and cleaning of sewerage - drainage networks;
- Water analysis for water from the three observation boreholes, upstream and downstream of the well field on Slănic brook and Trotus river: chlorides, extractables, hydrogen sulfide, sulphates, calcium, sodium, pH, filtration residue and sulphides Bathymetric monitoring Burlacu Pit;
- Construction of backfill Well S251;
- Monitoring of instability phenomena related to the exploitation of the deposit from Gura Slănic using high-accuracy topographic measurements Records of all changes occurred in surface configuration.

Rm. Valcea Mining Facility - environmental protection activity is regulated pursuant to Environmental Permits:

- Volcanic tuff sector Traistari - Environmental Permit no. 236/25.11.2011 Valid until: 24.11.2021.
- Ocnele Mari Salt Mine - Environmental Permit no. 56/10.05.2010 reviewd on 28.10.2013 valid until: 09.05.2020, annual approval obtained.
- Bistrița Limestone quarry: Environmental Permit no. 67/23.05.2019, valid throughout

the period when the beneficiary may obtain the annual approval.

- Sector for Salt solution Ocnita - Lunca - Field III and IV wells and Mechanic workshop Ocnita- Lunca - Environmental Permit no. 109/05.08.2019, valid until: 04.08.2024.

The main environmental works carried out at Rm. Valcea Mining Facility:

- Environmental monitoring Bistrița and Ocnele Mari;
- Cavernometric surveys Field III and Field IV wells - Ocnita Lunca.

Ocna Mureș Salt Mine - since the salt mine temporarily ceased activities, the Environmental Protection Agency Alba found that the activities related to the NACE codes included in the permit application are no longer carried out, therefore they decided that the permit should be obtained again when activity is resumed (APM Alba Letter no. 7847 / 16.07.2019).

Environmental works carried out at Ocna Mureș Salt Mine in 2020:

- Maintaining lake levels at +254 m by pumping (Cosbuc pump and S104 well pump)
- Tracking surface deformations by topo measurements in the perimeter of influence of underground excavations - Razboieni perimeter and measurements to ensure stability
- Tracking surface deformations by topo measurements in the perimeter of influence of underground excavations - Ocna Mureș perimeter
- Water analysis - drilling works, hydro-observation S208 and S209
- Topo measurements of the area adjacent to the subsidence cone produced in 2010 at Ocna Mureș

Note 25.4 – ONEROUS CONTRACTS

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. These mandatory costs reflect at least the net cost of withdrawal from the contract, which is the lower of the contract performance cost and any compensation or penalties arising from non-performance.

The audit reports drafted by the Court of Auditors indicated the existence of onerous contracts, and the auditors ordered the following actions: the analysis of other contracts concluded during the reporting periods, an appraisal of the possible damage caused and identification of those responsible. This decision was challenged in court; so far no court decision was ruled. Given that the decision is enforceable and its was not suspended, the Company is in the process of implementing it.

Note 25.5 – LITIGATIONS

The Company is involved in numerous litigations as a defendant. These litigations involve claims for financial rights filed by employees or former employees, complaints, damages for land affected as a result of mining operations, tax issues, debt recovery and other disputes. Unexpected court decisions may arise. The Company management appreciate that such disputes will not have a significant impact on the financial position of the Company and did not deem it necessary to establish other provisions for risks and charges as at December 31, 2020, different from those already established.

Among the most important litigations in terms of value, we mention

1. Litigation with NAFA - for the mining royalty 2010-2013 established additionally by NAFA inspectors following the change of mining royalty quotas by legal provisions, against the provisions of the licenses (amount according to the Tax Decision issued in 2015: RON 50,119,177). The application for suspension of the tax decision was accepted by the court, as a final decision. The company also filed an appeal against the enforcement of the order plus a an appeal against the writ of execution issued by NAFA based on the tax assessment. The order and the writ of execution were quashed by the court in appeal. At the same time, the company obliged NAFA to resolve the administrative appeal. The application was admitted by the court of first instance, the court ruling remained final, as the appeal filed by NAFA was rejected. Following the notification sent to NAFA , the Agency resolved the appeal filed by the company and cancelled Tax Decision no. F-MC2317/26.11.2015 for the amount of RON 50,119,177. SNS SA applied for a refund of RON 38,102,686 (amount paid on 31.12.2016), representing the mining royalty amounting to RON 30,690,354 and interest paid on the royalty amounting to RON 7,412,332.

   On 04.09.2020, SNS SA received from NAFA the amount of RON 38,102,686, according to the bank statement no. 20248.

   The Company lost in the with the Romanian Court of Auditors (RCA) on the mining royalty 2010-2013 (measure 1.4 of the Constitutional Court decision no. 18/2013) - judgment issued by the court of first instance: Civil judgment no. 1537/28.04.2017 ruled by the Court of Appeal Bucharest in the case file no.5789/2/2013; appeal: Court decision no. 899/17.02.2020 ruled by the High Court of Cassation and Justice in the case file no. 2060/1/2017 the second appeal court ruled: “The court hereby rejects the second appeals lodged by the appellant Societatea Națională a Sării S.A. and by the appellee Fondul

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
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Proprietatea S.A. against the civil judgment no. 1537 of 28 April 2017 ruled by the Court of Appeal Bucharest - Division Vlll - Administrative and Tax Disputes, as ungrounded").

Following the audit mission of 26.10 -29.10.2019, The Court of Auditors issued the Follow-up Report no. 8251 of 29.10.2020 which found that measure I.4 was not implemented.

2. The company held a claim against Oltchim Plant in the amount of RON 33,708,986 (RON 12,577,802 - the claim provided in the payment schedule, RON 18,249,986 - the claim representing unlawful state aid according to the Decision of the European Commission no. C (2018) 8592, RON 32,772 - unsecured debt representing court fees; RON 2,848,425 the interest related to the state aid calculated until 31.12.2019) which was partly covered by a real estate guarantee authenticated by notarial deed. As at 31 December 2019, the claim was fully adjusted for depreciation. In 2018, under the judicial reorganisation procedure in the insolvency procedure for Oltchim SA, an asset sale/purchase contract was signed with Chimcomplex, a very complex transaction with economic, financial, management and legal implications. In order for this transaction to be concluded, the contract included preconditions, five suspensive conditions and preparatory actions for taking over and using such assets.

   Some of the claims mentioned in the statement of claims made during the bankruptcy proceedings were not accepted in the list of creditors. SNS SA filed an appeal against the list, which was admitted in part, more specifically, the interest related to the state aid was included in the final list of claims. SNS SA is included in the final list of claims with a guaranteed claim in total amount of RON 24,990,013.62,

   Letter no. 7675/06.10.2020 requested the removal of the amount of RON 8,718,972 from the accounting records, as a claim which was not accepted in the final list of claims.

3. Litigation against Lidl Imobiliare Romania Management SCS and Lidl Discount SRL

   The amount in dispute is RON 8,494,701.70 representing damages (actual damage suffered and unrealised benefit) as a result of landslides affecting the land owned by the plaintiff Lidl Imobiliare Romania Management SCS and of the complete destruction of the former Plus supermarket, located in Ocna Mureș, 8 Nicolae lorga Str. The lawsuit was filed against our Company and against the Ocna Mureș City Hall represented by the Mayor, in 2012.

   Fondul Proprietatea, which filed an application to intervene in the interest of SNS SA, invoked a plea of illegality of the building permit and of the Decision issued by the Ocna Mureș Local Council approving the Detailed Urban Plan for the Plus store. The plea of illegality was partially admitted, by final decision, and the building permit was annulled.

The initial case filed in 2012 (civil liability) will be re-introduced in 2021, and the trial will be continue. At this time we cannot anticipate whether we stand a chance of winning or not.

Subsequent events occurred after 31.12.2020 – Company records for the headquarters no longer registered case files with material impact (high amounts). The action in court was initiated in 2020 against the former General Manager Dumitru Matei for the enforcement of measures ordered by the Romanian Court of Auditors, according to Decision no. 4/2019.

Note 26 – AFFILIATED ENTITIES

Societatea Națională a Sării does not hold shares in other companies.

Note 27 – RELATED ENTITIES

The Company carries out commercial transactions with majority state-owned companies:

Partner	Sales without VAT		Purchases without VAT	
	2019	2020	2019	2020
CFR Marfa	-		16,166,716	18,237,407
CNAIR	113,782,423	46,041,890	-	

Note 28 – REMUNERATION OF MANAGEMENT AND BOARD OF DIRECTORS

The Company is managed in a unitary system, pursuant to Company Law 31/1990.

The membership of the Board of Directors and of the Executive Management are presented in *Note 1 - General information*.

Description	For the financial year ended:	
	31 December 2020	31 December 2019
Benefits	1,289,398	477,539
Civil contracts		
Taxes and social security contributions	29,011	10,745
Other benefits		
	1,318,409	488,284

Note 29 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	loans and receivables	
	31 December 2020	**31 December 2019**
ASSETS		
Trade receivables and similar (without 471)	35,522,039	67,478,521
Cash and cash equivalents	229,104,928	204,730,111

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

TOTAL	264,626,967	272,208,632

	Measured at amortised cost	
	31 December 2020	31 December 2019
DEBTS		
Trade payables and similar (without 472)	43,811,738	64,205,557
TOTAL	43,811,738	64,205,597

The following table presents the remuneration to be paid to the Board of Directors and to the Executive Management as annual pay for the positions of administrator and general manager (IAS 24):

The policies issued by the Board of Directors define the risk tolerance in various areas of activity; Company staff have the obligation to comply with such risk tolerance and to inform whenever they identify significant new risks or changes in existing risks.

RISK EXPOSURE

Further details on these policies are set out below:

Credit risk

Credit risk is the risk of a financial loss to the Company that arises if a customer or counterparty to a financial instrument fails to fulfil their contractual obligations. The Company is mainly exposed to supplier credit risk as a result of granting payment terms to sales to customers. The counterparty risk may result from an insolvency of the financial institutions in which the Company holds cash, cash equivalents and deposits held at call or at short notice. To alleviate this risk, the Company makes placements with a number of 4 banks among the top 10 of Romanian banks.

Maximum exposure to counterparty risk as at 31 December 2020:

	Net book value	
	31 December 2020	31 December 2019
Financial assets	-	
Trade receivables and similar	35,522,039	67,478,521
Cash and cash equivalents	229,104,928	204,730,111
TOTAL	264,626,967	272,208,632

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

Note 29 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Market risk

Market risk is generated by the use of financial instruments in foreign currency. This is the risk that the fair value or future cash flows of a financial instrument may fluctuate due to changes in foreign exchange rates (currency risk) or other market factors (price risk or other events).

Foreign exchange risk

The Company is mainly exposed to foreign exchange risk when selling products to customers outside Romania. Cash and trade receivables in EUR are discounted at the balance sheet date according to the exchange rate communicated by the National Bank of Romania. Resulting differences are carried in profit or loss but do not affect cash flows until the amounts are paid.

As at December 31, 2020, the Company's net exposure to foreign exchange risk was as follows:

	LEI	RON equivalent	RON equivalent
31 December 2020			
Monetary assets			
Trade receivables and similar	28,811,774	6,710,265	-
Cash and cash equivalents	183,147,625	45,917,903	39,400
Monetary liabilities			
Trade payables and similar debts	43,428,119	383,619	
Loans	3,519,314	0.00	0
Net exposure	168,531,280	52,244,549	39,400

	LEI	EUR RON equivalent	USD RON equivalent
31 December 2019			
Monetary assets			
Trade receivables and similar	61,313,836	6,164,685	-
Cash and cash equivalents	161,704,964	42,982,758	42,389
Monetary liabilities			
Trade payables and similar debts	63,553,853	651,704	
Loans	191,884	0.00	0
Net exposure	159,464,946	48,495,740	42,389

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The average exchange rates during 2020 and the spot exchange rates as of December 31, 2020 were as follows:

	Average annual exchange rate	Closing exchange rate
	2020	31 December 2020
EUR / USD	1.1390	1.2270
LEI/EUR	4.8371	4.8694

The average exchange rates during 2019 and the spot exchange rates as of December 31, 2019 were as follows:

	Average annual exchange rate	Closing exchange rate
	2019	31 December 2019
EUR / USD	1.1190	1.1210
LEI/EUR	4.7452	4.7793

Sensitivity Analysis - 2020

A 10% appreciation of the RON against EUR and USD on December 31, 2020 would lead to an increase/(decrease) in profit with the amounts indicated in the table below. This analysis assumes that all other variables, especially interest rates, remain constant.

Increase/ (decrease) in profit for the period due to USD depreciation	Increase/ (decrease) in profit for the period due to EUR depreciation
(3,940)	(5,301,179)

A 10% depreciation of the RON against EUR and USD on December 31, 2020 would have the opposite effect, equal in value to the amounts presented above, if all other variables remain constant.

Increase/ (decrease) in profit for the period due to USD appreciation	Increase/ (decrease) in profit for the period due to EUR appreciation
3,940	5,301,179

Sensitivity Analysis - 2019

A 10% appreciation of the RON against EUR and USD on December 31, 2019 would lead to an increase/(decrease) in profit with the amounts indicated in the table below. This analysis assumes that all other variables, especially interest rates, remain constant.

Increase/ (decrease) in profit for the period due to USD appreciation	Increase/ (decrease) in profit for the period due to EUR appreciation
(4,239)	(4,979,915)

A 10% depreciation of the RON against EUR and USD on December 31, 2019 would have the opposite effect, equal in value to the amounts presented above, if all other variables remain constant.

Increase/ (decrease) in profit for the period due to USD appreciation	Increase/ (decrease) in profit for the period due to EUR appreciation
4,239	4,979,915

Interest rate risk

Interest rate risk is the risk that the fair value of the payment of future flows generated by a financial instrument may fluctuate due to changes in the interest rate. Interest rate risk includes the present value of fixed-income securities as well as cash-flow risks from variable-interest securities. Interest rate risk is mainly manifested in long-term financial instruments.

Exposure to interest rate risks includes assets and liabilities at fair value.

The Company does not have loans contracted during the period subject to restatement of national accounts for the purposes of IFRS compliance.

31 December 2020	Interest bearing		Non-interest
	Fixed	Variable	bearing
Trade receivables and similar			– 35,522,039
Cash and cash equivalents	145,000,000		– 84,104,928
	145,000,000		– 119,626,967
Total active			
Trade payables and similar debts			43,811,738
Loans	3,519,314		0
Total debts	3,519,314		43,811,738
Total exposure			220,815,229

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
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31 December 2019	Interest bearing		Non-interest bearing
	Fixed	Variable	bearing
Trade receivables and similar	-		– 67,478,521
	145,500,000		–
Cash and cash equivalents			– 59,230,111
Total active	145,500,000		– 126,708,632
Trade payables and similar debts			64,205,557
Loans			191,884
Total debts			64,397,441
Total exposure			207,811,191

Liquidity risk

Liquidity risk arises from the methods employed by the Company to manage working capital and repayments in respect of its debt securities. It is the risk that a Company may encounter difficulties in fulfilling its financial obligations when they become due.

	31 December 2020	31 December 2019
Assets		
Monetary assets in RON	211,959,399	223,018,719
Monetary assets in EUR	52,628,168	49,147,444
Monetary assets in USD	39,400	42,389
TOTAL	264,626,967	272,208,632
Debts		
Monetary liabilities in RON	46,947,433	63,745,737
Monetary liabilities in EUR	383,619	651,704
Monetary liabilities in USD		-
	47,331,052	64,397,441
Monetary position in RON	165,011,966	159,273,062
Monetary position in EUR	52,244,549	48,495,740
Monetary position in USD	39,400	42,389
	217,295,915	279,844,290

The Company's liquidity risk policy provides for maintaining sufficient liquidity resources to enable the Company to pay its overdue obligations.

The following table indicates the contractual maturities of the financial liabilities:

31 December 2020	**Up to 3 months**	**3 to 12 months**	**Over 1 year**
Trade payables and similar	43,811,738	0	0

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

debts			
Loans -	0	113,173	3,519,314
TOTAL	43,811,738	113,173	3,519,314

31 December 2019	Up to 3 months	3 to 12 months	Over 1 year
Trade payables and similar debts	64,205,557	0	0
Loans -	0	191,884	1,214,701
TOTAL	64,205,557	191,884	1,214,701

Bank liquidity - The company has open accounts and collaborates with the following banks: Raiffeisen Bank, BCR, BRD, Banca Transilvania, ING Bank, CEC Bank and Trezoreria Statului District I Bucharest.

Operational risk

Operational risk is the risk of direct or indirect losses arising from a wide range of causes related to the Company processes, personnel, technology and infrastructure as well as to external factors other than the credit risk, market and liquidity risk, such as those arising from legal and regulatory requirements and widely accepted standards of organisational behavior.

Operational risks arise from all operations carried out by the Company.

Fair value of financial instruments

Fair value is the amount for which the financial instrument can be exchanged in ordinary transactions other than those determined by liquidation or forced sale. Fair values are derived from quoted prices or cash flow patterns, as appropriate.

As at December 31, 2020, cash and other cash, accounts receivable and similar accounts, trade payables and other payables are approaching their fair value due to their short maturity. Management considers that the fair book value of these instruments is close to their book value.

NOTE 30 – SIGNIFICANT ELEMENTS FROM THE FIRST RESTATEMENT OF ACCOUNTS

The financial statements for 2018 of Societatea Națională a Sării SA are the first set of IFRS-compliant financial statements prepared by the Company.

The most significant changes in the financial statements to bring them in line with the IFRS requirements adopted by the European Union are:

- Adjustments of share capital, in accordance with IAS 29 - “Financial Reporting in Hyperinflationary Economies”, as the Romanian economy was hyperinflationary until December

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2020
(All amounts are in RON, unless otherwise stated)

31, 2003 (RON 27,751,645)

- According to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, SALROM SA chose to measure the items of property, plant and equipment at fair value and to use this fair value as a presumed cost at that date.

Thus, the revaluation reserve reported in the Company’s balance sheet on 31.12.2014, the first comparative period of IFRS application, was cancelled by transfer in retained earnings, as follows:

Description	**31 December 2014**
Land revaluation surplus	16,394,911
Buildings revaluation surplus	25,397,174
Plant, machinery and motor vehicles revaluation surplus	9,412,465
Furniture, office automation and protection equipment revaluation surplus	51,451
TOTAL	51,256,001

Cancellation of the revaluation reserve in account 1175 “Retained earnings representing the realised revaluation reserve surplus” (account pursuant to Order No. 1802/2014 of the Minister of Public Finance) and reclassification in *“Retained earnings generated by the use of fair value as deemed cost when transitioning to IFRS”* (RON 51,256,001 as at 31.12.2014).

Note 31 – AUDITORS’ FEES

The financial audit for the annual financial statements for 2020, in accordance with IFRS was performed by TGS ROMANIA ASSURANCE & ADVISORY BUSINESS SERVICES SRL.

The auditor provided solely financial audit services.

The auditor was selected under a public procurement procedure pursuant to the provisions of Order No. 666/2016 of the Minister of Public Finance, Art. 46 on the procurement of audit services for wholly or majority government-owned companies that implemented management measures provided by Government Ordinance No. 109/2011.

NOTE 32 – CONTINGENT ASSETS AND LIABILITIES

32.1 – CONTINGENT ASSETS

In 2019, several actions were brought to court against the employees/former employees/former General Managers for the enforcement of the measures ordered by the Romanian Court of Auditors through decisions issued following the audit missions carried out in 2016 and 2019, as follows:

- Five actions were filed against former general managers of the Company to recover the amounts established as damage by a Committee set up by the Company, for the enforcement of Decision no. 5/2016;

- one action was brought to court against a former director general of the Company to recover the amounts established as damage by a Committee set up by the Company, for the enforcement of Decision no. 4/2019 issued by Romania's Court of Accounts;

- nine actions were filed against the manager of Dej branch and against branch employees to recover the amounts established as damage by a Committee set up by the Company (2 actions taken at HQ level, the others at branch level), for the enforcement of measures ordered in 2016 by Cluj Chamber of Accounts. Three actions were filed against legal entities for the enforcement of measures ordered by Cluj Chamber of Accounts.

- 10 actions were filed against branch employees to recover the amounts established as damage by a Committee set up by the Company, for the enforcement of measures ordered in 2016 by Prahova Chamber of Accounts.

These court actions add to the 7 actions initiated in 2018, of which 10 were finalised in December 2020 by final court decisions that not favourable to the Company; the other litigations (case files) are still pending.
Given the high level of uncertainty regarding any possible favourable rulings in these litigations, the Company established a contingent asset amounting to RON 6,882,125, consisting of:

3,358,029	dispute concerning a failure to calculate penalties to Oltchim
1522688	dispute with the manager of Dej Salt Mine and some employees of the branch
787.803	disputes with employees of Slănic branch
947.312	disputes concerning the conclusion of procurement contracts
136.279	dispute concerning the payment of HHO excise duties
47.175	dispute concerning selling below costs
82.839	litigation regarding the undue payment of the annual variable component 2016-2017 for the general manager

32.2 CONTINGENT LIABILITIES

The audit mission conducted in 2020 by the Romanian Court of Auditors, resulted in Follow-up Reports on the implementation of the measures ordered by Decisions 18/2013, 5/2016 and 4/2019. A measure regarding the calculation/payment of the mining royalty for 2010-2013 accounts for a significant amount, and is considered not implemented. The contradictory rulings issued by two institutions of the state (NAFA and HCCJ), add to the high complexity of the case regarding the mining royalty and there is uncertainty on future developments and possible implications for the Company. Note 25.5 details the litigations with NAFA and the Court of Auditors.

The Company is involved as defendant in a litigation with Lidl Imobiliare Romania Management SCS and Lidl Discount SRL for a significant amount of RON 8,494,701.70. At this time we cannot anticipate whether we stand a chance of winning or not. You can read more about this litigation in Note 25.5.

NOTE 33 – SUBSEQUENT EVENTS

No significant events were identified that could affect the financial statements of the Company as at 2020 year-end.

Administrator

For ECONOMIC DIRECTOR

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