SOCIETATEA NAŢIONALĂ A SĂRII S.A.

Audited individual financial statements for the year concluded on December 31, 2021

drawn up in accordance with the provisions of OMFP 2844/2016 on the approval of the Accounting regulations aligned to the International Financial Reporting Standards adopted by the European Union

The company's annual individual financial statements comprise:

The Comprehensive Income Statement

The Statement of Financial Position

The Statement of cash flows

The Statement of changes in own equity

The explanatory notes

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COMPREHENSIVE INCOME STATEMENT	NOTE	31-Dec-21	31-Dec-20
Revenues from sales	18.1	364,767,443	251,113,057
Other operating income	21	2,656,480	13,167,300
Changes in inventories	18.2	2,363,737	27,963,980
Revenues from the production of tangible assets		4,737,712	7,924,415
Expenses with raw materials and consumables	19	(43,919,284)	(39,711,102)
Staff expenditure	19	(129,590,466)	(126,781,413)
Amortisation and value adjustments	19	(16,953,612)	(17,043,043)
Research expenses			
Other operating expenses	22	(113,929,709)	(100,795,799)
Operating Profit / (Loss)		**70,132,300**	**15,837,395**
Net financial revenues / (costs)	23	1,714,441	1.675,502
Portion of the profit pertaining to associated entities			
Profit / (Loss) before tax		**71,846,742**	**17,512,897**
Tax expenses	14	(11,655,692)	(6,031,131)
Profit / (Loss)		**60,191,050**	**11,481,766**
Other comprehensive income elements			
Revaluation of tangible assets	4/9		55,998,563
Duties pertaining to other comprehensive income elements (deferred tax)	9	1,386,545	(8,712,571)
Actuarial changes related to employee benefits		**1,068,366**	**(885,636)**
Total other comprehensive income elements		**2,454,911**	**46,400,356**
Total comprehensive income		**62,645,961**	**57,882,122**
Comprehensive income to be appropriated to:			
The company’s owners (51%)		31,949,440	29,519,882
Minority interests (49%)		30,696,521	28,362,240
		62,645,961	**57,882,122**
Earnings per share to be appropriated to the company’s ordinary shareholders:			
Basic and diluted		**15.26**	**14.14**

STATEMENT OF FINANCIAL POSITION

ASSETS	NOTE	31-Dec-21	31-Dec- 20
FIXED ASSETS			
Tangible assets	4.1	235,978,441	230,904,772
Rights to use the assets	4.1	2,392,279	3,530,080
Intangible assets	4.2	1,584,222	1,836,345
Deferred tax	4.4	185,345	-
Other financial fixed assets	4.4	29,384,988	15,291,019
		269,525,275	**251,562,215**
CURRENT ASSETS			
Stocks	5	29,937,517	40,170,855
Trade and similar receivables	6	65,998,289	22,506,715
Other financial assets	7	-	203
Restricted resources	8	-	-
Cash and cash equivalents	8	251,719,653	229,104,928
		347,655,459	**291,782,700**
TOTAL ASSETS		**617,180,734**	**543,344,916**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	41,732,945	33,596,234
Salaried employees' benefits < 1 year	16	11,222,221	10,231,597
Concession-related payables < 1 year	10.1	1,223,258	1,214,031
Payables linked to the current corporate income tax	14	5,552,082	-
Investment subsidies < 1 year	13	318,346	349,439
Provisions - outstanding within 1 year	15.1	15,553,915	7,342,433
		75,602,767	**52,733,734**
NET ASSETS/LIABILITIES		**272,052,691**	**239,048,966**
LONG-TERM LIABILITIES			
Trade and other long-term payables	12	321,223	95,628
Salaried employee payables > 1 year	12/16	9,783,417	11,818,379
Long-term loans	10.2	1,213,522	2,418,456
Investment subsidies > 1 year	13	3,217,205	3,495,019
Deferred tax		-	3,282,345
Long-term provisions	15.2	16,457,331	16,457,331
LONG-TERM LIABILITIES		**30,992,698**	**37,567,157**
TOTAL LIABILITIES		**106,595,465**	**90,300,890**
NET ASSETS		**510,585,268**	**453,044,025**

STATEMENT OF FINANCIAL POSITION (continued)

	NOTE	31-Dec-21	31-Dec-20
Share capital and reserves			
Share capital	**9**	41,050,130	41,050,130
Elements similar to capital	**9**	27,751,645	27,751,645
Changes to actuarial conditions	**9**	(1,003,488)	(2,071,854)
Premiums linked to the issuance of shares			
Revaluation reserves	**9**	49,771,394	57,050,759
Other reserves	**9**	255,621,039	245,463,709
Balance carried forward	**9**	77,226,243	72,317,870
Current fiscal year outturn	**9**	60,191,050	11,481,766
Profit appropriation	**9**	(22,744)	
TOTAL CAPITAL		**510,585,268**	**453,044,025**

STATEMENT OF CASH FLOWS

	31-Dec-21	31-Dec-20
Flows from operating activities		
Profit before tax	**71,846,740**	**17,512,897**
Adjustments for:		
Asset amortisations and asset value adjustments	26,722,378	22,214,369
Depreciation of the rights to use the assets	1,137,798	953,509
(Gains)/losses from fixed asset outflows	354,835	78,350
Revenues from reversals of NAFA penalties	(2,038,445)	(4,419,411)
Asset revaluation costs	58,000	8,771,053
Geological fund (set-up and use)	10,134,585	6,721,388
Reversal of deferred revenues		
Revenues from investment subsidies	(334,037)	(726,036)
Transfers from other provisions - net	8,211,482	(9,520,589)
Changes in the values of actuarial calculations for employee benefits	(1,068,366)	976,000
Increases / (decreases) of other capital accounts		
Changes in the balance carried forward		
Other financial income	(2,168,605)	(2,245,575)
Financial costs	459,003	107,640
Profit before changes to the working capital	**113,315,368**	**40,423,596**
Receipts of royalties + tax interest	2,038,445	38,102,686
Increases / (decreases) of receivables	(59,724,557)	18,950,949
Increases / (decreases) of inventories	11,855,069	(14,740,883)
Increases / (decreases) of liabilities	4,757,386	17,738,493
Cash from operating activities	**72,241,712**	**100,474,840**
Financial costs paid		
Corporate income tax paid	(5,688,434)	
Net cash from operating activities	**66,553,278**	**100,474,840**
Flows from investment activities		
Purchases of tangible assets	(33,072,585)	(38,872,842)
Receipts from sales of assets	18,525	13,801
Financial income	2,160,977	2,245,575
Payments as financial costs	(367,995)	(107,640)
Net flows from investment activities	**(31,261,078)**	**(36,721,106)**
Flows from financing activities		
Variation of long-term liabilities, including rights to use the assets	(1,195,706)	1,035,977
Interest paid		
Dividends paid	(11,481,767)	(40,414,894)
Net flows from financing activities	**(12,677,473)**	**(39,378,917)**
Net cash increase / (decrease)	**22,614,677**	**24,374,817**
Cash and cash equivalents at the start of the period	**229,104,928**	**204,730,111**
Cash and cash equivalents at the end of the period	**251,719,654**	**229,104,928**

STATEMENT OF CHANGES IN OWN EQUITY

	Subscribed capital	Capital adjustments	Revaluation reserves	Reserves	Outturn not appropriated	First-time adoption of IFRS	First-time adoption of IAS 29	TOTAL
01-ian-2021	**41,050,130**	**25.679.791**	**57,050,759**	**245,463,709**	**22,810,598**	**88,740,683**	**(27,751,645)**	**453,044,025**
Change in the actuarial calculation terms		1,068,366						1,068,366
Current comprehensive income					60,191,050			60,191,050
Revaluation of buildings and special constructions								-
Deferred tax linked to the revaluation			1,386,545					1,386,545
Total global outturn	**-**	1,068,366	1,386,545		**60,191,050**	**-**	**-**	**62,645,961**
Legal reserve allocations				22,744	(22,744)			-
Allocations of other reserves - geological fund				10,134,585				10,134,585
Allocations of the dividend distribution reserve								-
Changes to the revaluation reserve								-
2020 profit appropriation					-			-
Distributed dividends					(11,481,767)			(11,481,767)
Balance carried forward from the revaluation surplus amortisation			(8,665,910)		8,665,910			-
Subscribed capital not paid								
Corrections to previous fiscal years					(3,757,536)			(3,757,536)
31-dec-2021	**41,050,130**	**26,748,157**	**49,771,394**	**255,621,038**	**76,405,511**	**88,740,683**	**(27,751,645)**	**510,585,268**

	Subscribed capital	Capital adjustments	Revaluation reserves	Reserves	Outturn not appropriated	First-time adoption of IFRS	First-time adoption of IAS 29	TOTAL
01-ian-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**
Change in the actuarial calculation terms		(885,636)						(885,636)
Current comprehensive income					11,481,766			11,481,766
Balance carried forward from the revaluation surplus amortisation			(1,544,997)		1,544,997			.
Revaluation of buildings and special constructions			55,998,563					55,998,563
Deferred tax linked to the revaluation			(8,712,571)					(8,712,571)
Total global outturn	**-**	**(885,636)**	**45,740,995**	**-**	**13,026,763**	**-**	**-**	**57,882,122**
Legal reserve allocations								-
Allocations of other reserves – geological fund				6,721,388				6,721,388
Allocations of the dividend distribution reserve								-
Changes to the revaluation reserve								-
2019 profit appropriation				36,540,894	(36,540,894			-
Distributed dividends					(40,414,894)			(40,414,894)
Subscribed capital not paid	**113,720**							113,720
Corrections to previous fiscal years				-	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**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS:

Note 1 GENERAL INFORMATION

Societatea Naţională a Sării S.A. was established in 1997 as per Government Decision no. 767/1997, following the reorganisation of the former Salt Autonomous Public Entity into a joint-stock trading company pursuant to Law 31/1990, is a Romanian legal entity and is registered with the Trade Register under no. J40/4607/2010.

The company has its registered office at 220 Calea Victoriei str., District 1, Bucharest and a place of business – administrative headquarters at 76 Splaiul Unirii str., Unit A, 5th floor, District 4, Bucharest.

The company's shareholding structure:

- the Romanian State, represented by the Ministry of Economy: 51% of the share capital as at December 31, 2021;
- SC Fondul Proprietatea SA: 49% of the share capital as at December 31, 2021.

Business is conducted by means of 7 unincorporated branches set up on the exploitation sites for salt and other non-metalliferous products, as follows:

- EM (*Mining site*) Rm. Vâlcea (Vâlcea county), Slănic Prahova Salt works (Prahova county), Ocna Dej Salt works (Cluj county), Ocna Mureș Salt works (Alba county), Târgu Ocna Salt works (Bacău county), Praid Salt works (Harghita county) and Cacica Salt works (Suceava county).

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

The object of its business falls in the CNAE (*National Classification of Economic Activities*) code under the "exploitation of mineral resources" area, the core business being the extraction of salt and other non-metalliferous products from the perimeters for which it holds mining site licences, and the entity carries out the preparation of these items to be sold on the internal and external markets in the form of a wide range of products. The secondary activities concern the provision of tourism and leisure services for natural persons, metalwork, calliper log measurement services, etc.

The company's operating activity is subject to the regulations specific to the extractive industries, issued by the National Agency for Mineral Resources (**NAMR**), in relation to:

- The exploitation method, technology and environmental protection;
- The annual salt production;
- The opening of new exploitation/exploration perimeters;
- The mining royalty.

In its capacity of holder of 14 concession exploitation licences for salt resources and other non-metalliferous products, the company is subject to the specific regulations issued by the National Agency for Mineral Resources (NAMR). The licences are issued for each perimeter under exploitation and have individual validities over the 1999-2024 period, subject to extension.

The licences are concluded with NAMR pursuant to Mining law no. 85/2003, as subsequently amended and supplemented, and focus on the concession of the right to exploit rock salt, industrial and construction-grade limestone deposits. Their duration is generally 20 years, with the right to extend over consecutive periods of 5 (five) years, according to the provisions of art. 20 in Mining law no. 85/2003.

According to the licences, the company pays a mining royalty as of June 15, 1998 (the entry-into-force date of Mining law no. 61/1998), in line with the provisions of art. 39 in the Rules for implementing the mining law, approved as per GD 639/25.09.1998.

In 2021, the company sourced and paid a mining royalty of 1 EURO/ton of gross rock salt extracted from the deposit, as well as of 0.4375 EURO/ton of gross limestone extracted from the quarry, following the signing in July 2017 of addenda to the exploitation licences concluded with NAMR, addenda by means of which the royalty was increased.

Being a 51% state-owned company, it complies with all the regulations specific to companies fully- or majority-owned by the Romanian State.

The Ministry of Economy is represented in the SGA (*Shareholders' General Assembly*) pe persons mandated as per a Minister Order issued for each individual meeting.

The representative of Fondul Proprietatea is appointed for each individual meeting, as per an agent's special power of attorney.

The management duties of a strategic nature are fulfilled by the Shareholders' General Assembly and the Management Board, whereas operational and executive duties are fulfilled by the general manager.

Management activity organisation

Since July 2016, the company has been implementing the provisions of GEO 109/2011 on the corporate governance of public enterprises and is administered by a Management Board comprising 5 members, who delegated leadership duties to a General Manager selected based on professionalism and integrity criteria.

The General Manager fulfils all the duties and takes all the necessary and useful steps in order to achieve the company's scope of business, with the exception of those duties that fall under the purview of the Shareholders' General Assembly or of the Management Board, according to the company's Articles of Incorporation.

The Management Board is the structure that exercises a permanent control over the company Management and assembles at least once a month. The Management Board's activity is regulated by the Romanian legislation and governed by the provisions of Chapter V in the Company's Articles of Incorporation.

Legislative environment
Being a 51% state-owned company, it additionally complies with the common economic legislative framework and with regulations specific to majority or fully state-owned companies.

As such, the company is bound to organise and coordinate the internal preventive financial control, as stipulated by OMF (*Order of the Minister of Finance*) 923/2014 on implementing GO 119/1999, republished, *"on internal / managerial control and preventive financial control", the operational and financial planning as provided by, and within the limits of, Budget Law 339/2016 and Ordinance 26/2013 on strengthening financial discipline for economic operators in which the state or territorial administrative units are sole or majority shareholders"*.

The income and expenditure budget is approved on a yearly basis by SGA, but also as per a Government Decision, whereas its implementation is reported on a quarterly basis to the Ministry of Economy and the Ministry of Public Finance.

The observance of the receipt and payment deadlines is supervised by MoPF by means of a quarterly reporting of the "outstanding receivables" and "outstanding payables" indicators, their maximum level being also stated in the company's income and expenditure budget.

The company draws up on a yearly basis a set of individual Financial Statements, which means that these statements belong to the company without being consolidated with those of affiliated companies. The company does not hold shares or equity shares in the share capital of other companies.

According to GD 765/1994 *"on setting forth the expenditure rates required to achieve, develop and modernise production in the mining, oil and natural gas extractive industries"*, the company is bound to set up, based on the operating costs, a Fund for production development and modernisation amounting to 6% of the mining production.

In its capacity of holder of mineral resource exploitation licences, the company pays on a quarterly basis the mining royalty, calculated at the mining product quantity, and the mining royalty rate, set forth per mining product unit according to the licenses or Government Decisions.
For the perimeters under exploitation, the company pays on a yearly basis an exploitation fee set forth as per a Government Decision and expressed in lei/km^2.

Note 2 APPLICATION OF THE NEW AND UPDATED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1. First-time adoption of new or revised standards

The accounting policies adopted are consistent with those applied for the previous fiscal year, with the exception of the following amended IFRSs, adopted by the Company as of de la January 1, 2018.
The company adopted IFRS 9 *Financial instruments* and IFRS 15 *Revenue from Contracts with Customers* (clarifications included) for the first time as of January 1, 2018. The impact of these standards is described in the following paragraphs.

a) IFRS 9 "Financial instruments"
the final version of IFRS 9 "Financial instruments" reflects all the phases of the project concerning the financial instruments and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all the previous versions of IFRS 9.
IFRS 9 brings along significant changes in terms of recognising and assessing financial fixed assets, which rely on the business model and the characteristics of the contractual cash flows, and also implements a new model for the recognition of impairment adjustments based on anticipated losses from receivables. Additionally, changes were brought to the way in which hedging instruments are accounted for in order to better reflect the effect of risk management activities an entity will adopt to manage exposures.

IFRS 9 presents three main categories of financial fixed assets:
a) measured at amortised cost,
b) measured at fair value by means of other comprehensive income elements, and
c) measured at fair value through the profit and loss account.

The categories are determined in relation to the following two criteria: the Company's business model used in the asset management process and the analysis of contractual cash flows of the instruments, in order to determine whether these represent only payments of the principal debt and of the interest to the principal debt.

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 according to IFRS 9 "Financial instruments" for the Company's categories of financial assets as at January 1, 2018.
According to IAS 39, all the trade receivables were accounted for at amortised cost minus impairment adjustments. After implementing IFRS 9, the trade receivables eligible for factoring are measured at fair value, whereas the differences are recorded in the profit and loss (P&L) account due to the fact that they are held according to a business model in order to be sold. Furthermore, trade receivables resulted from contracts that provide an invoicing system based on estimated prices are, likewise, measured at fair value through the profit and loss (P&L) account due to the fact that contractual cash flows do not strictly represent principal debt repayments and interest to the principal debt balance. There was no impact upon the Company's balance carried forward following the classification according to IFRS 9.

There is no impact upon the recognition and valuation of the Company's financial liabilities due to the fact that the new requirements strictly concern accounting for the financial liabilities earmarked to be recorded at fair value through the profit and loss account. The Company does not have such liabilities.
The new impairment model states that impairment adjustments shall be recognised according to the anticipated losses from receivables, and not according to the model of effective losses from receivables, as provided by IAS 39. Pursuant to IFRS 9, the Company recognises impairment adjustments according to the anticipated losses related to instruments that are not accounted for at fair value through the profit and loss account, and related to contractual assets resulted from customer contracts. In general, implementing the model that relies on anticipated losses from receivables entails recording at an earlier stage the losses from receivables for the relevant elements. The impairment losses are calculated based on a three-stage model, using the credit default swap, the counterparties' internal or external ratings and the related default probability. For certain financial instruments, such as trade receivables, the impairment losses are estimated based on a simplified approach, anticipated losses from receivables being recognised throughout their operating life.
According to IFRS 9, several hedging instruments and several hedged risks will generally meet the requirements for applying hedge accounting. As at December 31, 2019, the Company did not have hedging

instruments for which it would have applied hedge accounting; as a result, there is no impact upon the financial statements following the implementation of IFRS 9 in relation to hedge accounting.

b) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 replaced the previous IFRS requirements regarding revenue recognition and applies to all the revenues generated from contracts with customers. In accordance with the new standard, the revenue is recognised so as to reflect the transfer of the contracted goods and services to the customer, at the value which reflects the price the Company expects to be entitled to obtain in exchange of these goods and services. The revenue is recognised when, or as, the customer takes ownership of those goods or services.

The company adopted the new reporting method in line with IFRS as of January 1, 2018.
According to the new standard, the valuation is carried out rather keeping in mind whether the Company controls the respective goods or services prior to their transfer to the customer than whether it is exposed to the significant risks and benefits pertaining to the sale of goods or services.
The initial application of IFRS 15 had no impact upon the Company's balance carried forward as at January 1, 2018.

c) IFRS 16 "Leases"
This standard replaced IAS 17 "Leases" and sets forth new requirements in terms of accounting lease contracts. The standard came into effect for annual periods starting on or after January 1, 2019. IFRS 16 sets forth the principles for the recognition, assessment, disclosure and provision of information about the lease contracts of the two parties to a contract, namely the customer ("lessee") and the provider ("lessor"). In the lessee's accounting records, according to IFRS 16, there is a single model for recording lease contracts, thus being eliminated the classifications as operating lease or financial lease from IAS 17. By applying this model, the lessee records assets and liabilities for the majority of lease contracts and, in the case of revenues and expenditure, recognises the amortisation of the leased assets distinctly from the interest to the lease. The lessor's accounting records, according to IFRS 16, remains essentially unchanged in comparison with the current requirements in IAS 17. The lessor shall continue to use the classification principles in IAS 17 and shall distinguish between two types of leases: operating or financial. According to IFRS 16, both lessees and lessors shall disclose more information than those disclosed according to IAS 17 in the notes to financial statements.

The most significant impact is that the Company recognises, as of January 1, 2019, new assets and payables for its operating lease contracts, except for the case where an exemption from IFRS 16 is applied. The status of exception is assigned to certain commitments concerning short-term lease contracts and those concerning low-value assets. There is no significant impact upon the existing financial lease contracts, cases in point being the concession contract at Ocnele Mari - E.M. (*Mining site*) Rm. Vâlcea branch and, since 2020, the lease contract for the office space at the Administrative headquarters.

The Company has been applying IFRS 16 since January 1, 2019, using for transition purposes the modified retrospective method, without restating the comparative values for the previous period disclosed. On the other hand, the Company recognises the cumulated effect from the application of the new standard as an adjustment of the initial balance carried forward as at the initial application date. The assets with accompanying rights to use, pertaining to the previous operating lease contracts, were valuated on the initial application date at the lease debt value, adjusted by means of advance or estimated payments. In accordance with the provisions of the Standard, only the fixed lease payments shall be accounted for based on the leasing model stipulated by IFRS 16, the variable payments which depend on the update with the inflation rate being recognised in the profit and loss account during the corresponding period. For each new lease contract, the Company recognises a new asset and a new liability in the financial position. The Company used a single discount rate, which was 5.19%.

2.2. Other new or revised standards and interpretations, which are not mandatory yet

Furthermore, the following standards, interpretations and amendments were issued and are not expected to have a significant impact upon the Company's financial statements:

IFRS 9: Characteristics of negative offset advance payments (Amendment)

The amendment allows for financial fixed assets with advance payment characteristics, which allow or require that a party to a contract either pays or receives a reasonable compensation for the early termination of the contract (so that, from the asset owner's perspective, there may exist a "negative offset"), to be measured at amortised cost or at fair value through other comprehensive income elements. The company does not hold financial fixed assets identified as advance payments.

- **INTERPRETATION OF IFRIC 23:** the uncertainties concerning the treatments applied to the corporate income tax. The interpretation tackles the accounting records of corporate income taxes in cases where the fiscal treatments entail a degree of uncertainty which impairs the application of standard IAS 12. The interpretation provides guidance on the analysis of certain tax treatments, whether individually or jointly, the fiscal authorities' verifications, the adequate method that would reflect the uncertainty, and the accounting records of changes to events and circumstances. The company assessed these aspects, concluding that they do not cause a significant impact upon the financial position or performance.

- **IAS 19: Plan to modify, reduce or settle (Amendments)**. The amendments stipulate that entities apply updated actuarial assumptions in order to determine the cost of current services and the net interest for the remaining annual reporting period after the implementation of a plan to modify, reduce and settle. Furthermore, the amendments clarify the manner in which accounting for a plan to modify, reduce or settle affects the application of the asset ceiling requirements...
- **The Conceptual Framework within the IFRS standards. IASB issued the revised Conceptual Framework for Financial reporting on March 29, 2018**. The Conceptual Framework sets forth a comprehensive set of concepts for financial reporting, establishing standards, guidelines – intended for those who draw up financial statements – in elaborating consistent accounting policies, as well as assistance for users in understanding and interpreting standards. Moreover, IASB issued a separately enclosed document, *Changes to the References to the Conceptual Framework within the IFRS standards*, which sets forth the changes to the affected standards intended to update the references of the revised Conceptual Framework. The objective of the document is to support transition to the revised Conceptual Framework in the case of entities that develop accounting policies using the Conceptual Framework when none of the IFRS standards apply to a particular transaction. For those who draw up financial statements and develop accounting policies pursuant to the Conceptual Framework, the document comes into force for annual periods starting on or after January 1, 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***: the definition of the term "material" (Amendments). The amendments are in effect for annual periods starting on or after January 1, 2020, and early application is allowed. The amendments clarify the definition of the term "material" and the manner in which it must be applied. The new definition states that "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the 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". Additionally, the explanations accompanying the definition were improved. The amendments also ensure the fact that the definition of the term "material" stays consistent within all the IFRS Standards. These amendments have not yet been adopted by the EU. The Company is currently assessing the impact of adopting these amendments upon the financial statements and does not expect it to be material.

  IASB issued Annual Improvements to IFRSs – 2015-2018 Cycle, which appears as a collection of changes brought to IFRS. The changes come into effect for annual periods starting on or after January 1, 2019, with early application allowed. These annual improvements have not yet been adopted by the EU. The company determined that the application of these improvements will not have a material impact upon the financial position or performance.

  - IAS 12 *Income taxes*: the amendments clarify the fact that the effects of payments in regard to financial instruments classified as own equity upon the corporate income tax shall be recognised according to the manner in which past transactions or events that generated distributable profits were recognised.

- **IAS 23** ***Borrowing Costs***: the amendments clarify item 14 in the standard according to which, when an eligible asset is available for its intended use or for sale, and some of the loans related to the eligible asset remain outstanding on that date, the respective loan shall be included in the funds an entity generally borrows.

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

At present, IFRS, as adopted by the EU, do not differ significantly from the regulations adopted by IASB, with the exception of the following new standards and amendments to the existing standards, which were not yet adopted to be used in the EU:

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

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

- **Amendments to IFRS 3 "Business combination"** – the definition of a business (in force for business combinations in the case of which the purchase date is at, or after, the start of the first reporting period that begins on or after January 1, 2020, as well as for the purchase of assets that takes place on, or after, the starting date of that period);

- **Amendments to IFRS 10 "Consolidated financial statements"** and **IAS 28 "Investments in Associates and Joint Ventures"** – sales or contributions of assets between an investor and an associate or a joint venture, with the subsequent amendments (the entry-into-force date has been postponed indefinitely until the research project on the equity method is completed);

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

The Company anticipates that the adoption of these new standards and amendments to the existing standards will have no material impact upon its financial statements during the period of initial application.

The hedge accounting for a portfolio of financial assets and liabilities the principles of which have not yet been adopted by the EU remains unregulated.

Note 3 DRAWING UP FUNDAMENTALS AND ACCOUNTING POLICIES

3.1 FUNDAMENTALS FOR DRAWING UP FINANCIAL STATEMENTS

Statement of compliance
The present financial statements were drawn up in accordance with the Order of the Minister of Public Finance no. 2844/2016 on the approval of the Accounting regulations aligned to the International Financial Reporting Standards adopted by the European Union, as subsequently amended and supplemented.

The interpretations and the International Accounting Standards (collectively designated "IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("adopted IFRS")
The financial statements were drawn up by applying the International Financial Reporting Standards adopted by the European Union ("IFRS"). The Company drew up the present separate financial statements in order to comply with the requirements of Order no. 2844/2016 *on the approval of the Accounting regulations aligned to the International Financial Reporting Standards,*

Bases for valuation
The financial statements are underpinned by the business continuity principle.

They are drawn up at historical cost, with the exception of tangible assets in, which are measured using the revaluation method, as well as of the embedded derivatives, which are measured at fair value through the profit and loss account. The accounting policies were applied consistently with those of the previous year.

The individual financial statements are drawn up based on the historical cost/amortised cost ratio, with the exception of tangible assets presented at revalued cost by using the fair value as deemed cost.

The economic environment is which the company has operated over time was considered hyperinflationary until December 31, 2003. In the context of adopting IFRS, the issue arises to apply the provisions of IAS 29 – "Financial Reporting in Hyperinflationary Economies", in relation to the fixed assets. The standard stipulates the use of inflated cost for the fixed assets within the balance (non-depreciated as at December 31, 2014) and whose commissioning date is prior to December 31, 2003.

At the same time, Financial Reporting Standard 1 (IFRS 1) "First-time Adoption of International Financial Reporting Standards" sets forth in Appendix D "Exemptions from other IFRSs" the fact that an entity may elect to restate the balances of fixed assets at the date of transition through measurement at fair value or at their deemed cost (paragraph D5).
Further on, still in Appendix D – "Exemptions from other IFRSs" – paragraph 6, details are provided on the exemptions, in terms of the manner and moment of setting forth the adopted deemed cost; as such, it can be:

- The fair value prior to, or at, the transaction date, or
- A fair value determined before the transaction date and adjusted by the transaction date with the effects of depreciation and of other value adjustments, as the case may be, including, if necessary, changes to the general or specific price indices.

The elements presented at fair value, namely the financial assets and liabilities at fair value through the profit and loss account and the financial assets available for sale, with the exception of those for which fair value cannot be credibly determined.

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

The transactions carried out by the Company in a currency different from the functional currency are recorded at the foreign exchange rates in force on the dates when the transactions take place.

The accounting records of the transactions conducted by the Company in foreign currencies are kept both in the national currency and in foreign currencies.

The monetary assets and liabilities in foreign currencies are converted in lei at the foreign exchange rates in force on the reporting date.

Material accounting valuations and estimates

As a result of the uncertainties inherent to commercial activities, numerous elements in the financial statements cannot be accurately valuated, but only estimated. Estimating entails judgements based on the latest available information.

The use of reasonable estimates is a critical part of drawing up financial statements.

An estimate may require a revision if changes occur in the circumstances that underpinned the estimate in question or as a result of new information or subsequent events. By nature, revising an estimate has no connection to previous periods and does not represent the correction of an error from the current period. If an error does exist, the effect on the future periods is recognised as revenue or expenditure during those future periods.

The company issues certain forward-looking estimates and assumptions. The estimates and the judgements are continuously assessed based on historical experience and other factors, including forecasts of future events considered to be reasonable under current circumstances. In the future, actual experience may differ from the present estimates and assumptions.

In analysing the application of IFRIC 12, the Company determined whether the following characteristics of concession licences for the exploitation of mineral resources (salt and limestone) are applicable to the concession contracts concluded with NAMR, as at the date set for implementing IFRIC 12:

- The grantor controls or regulates the type of activities the grantee is bound to carry out;
- The grantor controls – by means of the ownership right, the beneficial entitlement or otherwise – any significant residual interest in the infrastructure at the end of the contract term;
- The contractual provisions would include the same provisions from an agreement theoretically concluded with a private company.

The company concluded that applying the provisions of IFRIC 12 in order to account for concession licences will not reflect the economic essence of the transaction, given that the Company bears a fee in the form of a mining royalty for the exploitation of mineral resources, stated in the concession licences, paid from the revenues achieved from the sale of said resources.

The royalty is significantly lower than the amortisation the Company would have recorded for the assets held for mineral resource exploitation purposes provided that the concession licences had not been signed.

As a result, IFRIC 12 will not apply. The Company did not recognise the assets pertaining to the concession licenses in the Individual Statement of Financial Position, whereas it does recognise, throughout the contract operating life, in the profit and loss account, the annual royalty payable to the Government.

Further on, we shall present examples of valuations, estimates and assumptions applied across the company:

a) **Valuation of investments in lands and buildings owned**

The company procures valuations conducted by external valuators in order to determine the fair value of its real estate investments and buildings under its ownership. The present valuations rely on assumptions that include future revenues from leases, anticipated maintenance costs, future development costs and the adequate discount rate. The valuators also make reference to the market information related to the prices of transactions with similar proprieties.

b) Adjustments for impairments of receivables

The valuation for impairments of receivables is carried out on an individual basis and relies on the management's best estimate on the present value of cash flows expected to be received. In order to estimate these flows, the management issued certain estimates regarding the partners' financial standing. Each receivable is analysed on a case-by-case basis.

c) Court proceedings

The company reviews the unsettled case files, monitoring the developments of court proceedings and the current status as at each reporting date, in order to evaluate the provisions and disclosures in its financial statements. Among the factors taken into account in making decisions related to provisions, there are the nature of the litigation or the claims, the possible level of the damages within the jurisdiction where the litigation is tried, the case file developments (including the developments after the date of the financial statements, but prior to the issuance of said statements), the legal advisors' opinions or comments, the experience with similar cases and any decision of the Company's management regarding the way in which it will address the litigation, claim or valuation in question.

d) Accounting cost estimates

There are objective cases in which, until the closing date of fiscal periods or until the closing date of a fiscal year, the exact values of certain expenses accrued by the Company are not known. For this category of expenses, preliminary expenditure estimates shall be calculated, to be adjusted over the following periods, when the cash flow disposal will occur, as well. The expense estimates, by expenditure category, shall be issued by persons with experience in the type of activity that generated the expense in question.

Provisions and contingent liabilities

The Management makes estimates and uses professional judgements in the process of measuring and recognising provisions, so as to determine the exposure to contingent liabilities resulted from the litigations the Company is involved in or from other disputes that are subject to negotiation, arbitration or regulations. Professional judgement is used in order to determine the likelihood of losing a particular litigation and incurring a debt, and in order to quantify the value of this debt. As a result of the uncertainty entailed by the valuation process, actual payables may differ from the initially estimated provisions. In addition, the production facilities are subject to a variety of laws and regulations regarding environmental protection. Provisions are set up for the probable obligations resulting from the application of the legal provisions on the Company's duties to reclaim the site – a subject matter of exploitation licences.

Business continuity

The company will continue to conduct its business by carrying out the activities for which it is authorised to operate, without going into liquidation or incurring a significant business contraction. On this matter, we will mention that 2019 witnessed a business contraction at E.M. Rm. Valcea Branch – Bistrița Quarry as a result of CIECH SODA ROMANIA terminating the contract as of September 19, 2019. This case is independent of Societatea Nationala a Sarii SA, measures were taken to mitigate the impact of this situation and assessments are made of the most suitable options on the use of current production capabilities.

3.2 ACCOUNTING POLICIES

(a) Tangible assets

(i) Recognition and measurement

The tangible assets are presented at their revaluated value, minus the cumulated amortisation and the impairment losses, with the exception of tangible assets in progress, which are presented at cost, minus the impairment losses. The exploitation's accounting records allow identifying the historical values of tangible assets starting from 01.01.2003.

On the first-time restatement of the annual Financial Statements so as to comply with IFRS (2014-2016), the tangible assets were presented at deemed historical cost.

Starting from the closure of the 2020 fiscal year, the tangible assets have been presented at their fair value (revaluated by taking into account the results of the Depreciation tests, calculated for each cash-generating unit).

The fair value of tangible assets, with the exception of tangible assets in progress, estimated in accordance with IAS 16 "Tangible assets", is the market value of these assets, and in cases where, on grounds of asset specialisation, it was found that market information was insufficient and/or the market was inactive, a value differing from the market value (net replacement/duplication cost).

The tangible assets are initially assessed at cost.
The cost of assets built by the Company includes the following:

- the cost of materials and direct staff expenditure,
- other costs directly associated to bringing the assets in a state required for the predefined use,
- the dismantling and moving costs, the costs required to restore the space where they were located, provided that the Company is bound to move the asset and restore the land,
- the capitalised borrowing costs.

When parts of a tangible asset have different useful lives, they shall be considered separate parts.

(All the amounts are expressed in RON, unless otherwise provided)

A provision for unused or used assets shall be recorded in the financial statements to the extent to which such elements are identified.
The borrowing costs directly attributable to retrofitting and purchasing installations and other major constructions are capitalised in the cost of tangible assets in progress as provided by IAS 23 "Borrowing Costs".

The gains or losses from the disposal of a fixed asset (determined by comparing the revenues from disposal with the net book value of that tangible asset) are recognised in the profit or loss account. When the revaluated fixed assets are sold, the amounts included in the revaluation surplus are transferred to the balance carried forward.
The lands received free of charge from the state authorities, and for which the Company held Title Deeds at the time of its establishment, were recorded in the initial share capital. Later on, the Company increased the share capital with the value of the lands for which the Ministry of Industry and Commerce certified the title deed, as well as with the revaluation differences associated to them (1999 and 2000), a procedure that will later be repeated as the right is acquired for the remaining lands.

(ii) Subsequent maintenance costs
The costs required by repairs on, and maintenance of, the fixed assets, carried out in order to restore and keep the value of these assets, are recognised in the profit or loss account on the date when they are paid, whereas the expenses made in order to enhance technical performance are capitalised and amortised throughout the remaining amortisation period of the respective fixed asset.
The subsequent costs are included in the book value of the asset or recognised as a separate asset, as the case may be, strictly when it is likely for future economic benefits associated to the respective element to be received by the Company and the cost of the asset can be reliably valuated. The book value of the replaced part is derecognised. All the other repair and maintenance works shall be recorded in the profit account during the period when they are performed.
All the other maintenance costs are recognised in the profit or loss account as they are incurred.

(iii) Amortisation
The tangible assets are amortised using the linear method, throughout their operating lives, whereas for quarries and drills the amortisation is calculated depending on the reserve.
The economic operating lives are adapted to the best international practices, while also taking into account the wear and tear and obsolescence of the assets, being applied since 2016.
The operating lives used for the tangible assets are as follows:

Category	**Useful life (years)**
Industrial constructions	10 - 60
Administrative buildings	40 - 50
Drills	8 - 36
Technological machinery and equipment	2 - 34
Furniture	4 - 15
Office supplies	4 - 5

Lands and assets in progress shall not be amortised. Assets in progress shall be amortised from the time of their commissioning.

The operating lives, the residual values and the amortisation method are regularly reviewed in order to ensure their consistency with the estimated period during which economic benefits will be generated from the use of the assets.

The operating lives were revised during the revaluation in 2020, by technical and economic committees within the branches and the headquarters.

(iv) Depreciation of non-financial assets
The book values of the Company's non-financial assets, different from the inventories and the receivables from the deferred tax, are reviewed on each reporting date in order to determine whether there is evidence on the existence of a depreciation. An impairment loss is recognised if the book value of an asset or of a cash-generating unit exceeds the estimated recoverable value.

The recoverable value of an asset or of a cash-generating unit is the higher between the value in use and the fair value, minus the selling costs. When determining the value in use, the projected future cash flows are updated in order to obtain the present value, using a rate of discount before tax that reflects the current market assessments in regard to the time value of money and the risks specific to that asset. In order to test the depreciation, the assets that cannot be individually tested are grouped at the level of the smallest group of assets that generate cash inflows from continuous use and that are largely independent from the cash inflows generated by other assets or groups of assets ("cash-generating unit").

Impairment losses are recognised in the Profit or Loss Account, save for the case where the asset the losses refer to was revaluated, in which case the impairment loss is treated as a revaluation reserve decrease.

For all the fixed assets, the impairment losses recognised during the previous periods are valuated on each reporting date in order to determine whether there is evidence of the loss being reduced or absent. An impairment loss is carried over if there were changes in the estimates used to determine the recoverable value. An impairment loss is carried over strictly insofar as the book value of the asset does not exceed the book value that could have been determined, net of amortisation, if no impairment had been recognised.

(v) Revaluation
The tangible assets are presented at their revaluated value, with the exception of advance payments and tangible assets in progress, which are presented at historical cost.

The revaluations are performed by independent property valuators, usually at 3-year intervals. If, however, the assets market is subject to changes likely to generate a market value decrease of said assets, the company will conduct the revaluation of assets at sufficiently relevant intervals, so that the book value should not significantly differ from the value that can be determined based on the fair value as at the reporting date.

The latest revaluation for all the classes of fixed assets was performed at fair value, by independent specialised valuators, in 2020.

(b) Public patrimony - SN a Sarii SA does not hold assets identified as public patrimony items.

(c) Intangible assets

The Intangible assets purchased by the Company are presented at cost, minus the cumulated amortisation and the provision for the impairment of intangible assets. The amortisation is recognised in the profit and loss account based on the linear method, over the estimated operating life of the intangible assets. Most intangible assets recorded by the Company are represented by dedicated computer software. These are linearly amortised over a period of 3 - 5 years.

(d) Transactions in foreign currencies

The transactions in foreign currencies are expressed in RON by applying the foreign exchange rate valid on the transaction date. The monetary assets and liabilities expressed in foreign currencies at the end of the year are expressed in RON at the foreign exchange rate of that date. The foreign exchange gains and losses, whether realised or unrealised, are recorded in the profit and loss account of the respective year.

The foreign exchange rates as at December 31, 2021 and 2020 are as follows:

(All the amounts are expressed in RON, unless otherwise provided)

Currency	31 dec 2021	31 dec 2020
EUR	4.9481	4.8694
USD	4.3707	3.9660

The non-monetary assets and liabilities expressed in a foreign currency, which are valuated at fair value, are converted into the functional currency at the foreign exchange rate on the date when the fair value was determined. The non-monetary elements that are valuated at historical cost in a foreign currency shall be converted using the foreign exchange rate from the transaction date.

(e) Customers and similar accounts

Customers and similar accounts include invoices issued at the nominal invoiced value.
Their presentation in the financial statements is done at the net value which includes the adjustments for their impairment.

(f) Inventories

Inventories are presented at the lower value between cost and the probable value of completion.

Inventories are recorded at cost, based on the FIFO valuation method. Inventories consist in finished products, goods, consumables, spare parts and other materials mainly comprising maintenance and repair supplies. The major spare parts that correspond to the definition of a tangible asset are classified as tangible assets. The cost of inventories comprises all the production, procurement and other costs arising from bringing the inventories in the current location and to the current state.

The probable value of completion represents the estimated selling value, minus the estimated completion costs and the expenses arising from the sale.
If the Company deems it necessary, value adjustments are carried out for physically impaired and/or obsolete inventories.

(g) Bank deposits, Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with 3-month initial maturity, which are exposed to an insignificant risk upon changes in the fair value. The monetary resources in foreign currencies are revaluated at the foreign exchange rate valid at the end of the period.
Bank deposits concern those bank deposits with initial maturity in excess of 3 months.

(h) Share capital

Ordinary shares are classified as items of own equity. The company recognises the changes to the share capital under the conditions stipulated by the legislation in force and only after they have been approved by the Shareholders' General Assembly and registered with the Trade Register.

Share capital adjustments comprise the value increase resulted from the inflation of the initial share capital following the application of IAS 29 – "Financial Reporting in Hyperinflationary Economies", under the item "elements similar to share capital", upon the first-time restatement of the annual financial statements.

These appear in the financial statements together with the share capital pertaining to the shareholders, however, without altering the value of own equity due to the fact that the same value is presented as a counterpart that diminishes the Balance carried forward resulted from the first-time adoption of IAS 29 (account 118).

Contributions to the share capital paid in advance
The company does not have any contributions to the share capital paid in advance.

(i) Other own equity elements

(ii) Changes to actuarial conditions represent the value gain/loss, resulted from the actuarial calculation, pertaining to the period and adjust the own equity chapter at the closure of each fiscal year pursuant to the Actuarial calculation report drawn up by independent accredited specialists in the field.

The value to be recognised under own equity in the current financial statements is the deviation from the previous year stated in the Actuarial calculation report (Note 9).

(iii) Other capital elements resulted from the first-time restatement aimed at transitioning to IFRS application contain values which, upon the first-time restatement of the accounts, in order to implement IFRS pursuant to OMFP (*Order of the Minister of Pubic Finance*) 666/2015, Annex 1, item 13, represented adjustments from restatements of elements identified as capital as at 31.12.2014.

Balance carried forward from the use, as at the date of transitioning to IFRS, of fair value as deemed cost (1178) contains the surplus from the revaluation of tangible assets accumulated until 31.12.2014, from previous valuations, fully transferred, upon restatement, from the revaluation reserve accounts (account 105), as well as from the Balance carried forward representing the surplus achieved from the revaluation reserves (account 1175) following the use of fair value as deemed cost.

These surpluses are kept in distinct analytical accounts in terms of inventory number, are reported and taxed at the time of their generation.

Balance carried forward from the first-time adoption of IAS 29 (account 118) represents the value increase resulted from inflating the initial share capital following the application of IAS 29 – "Financial Reporting in Hyperinflationary Economies". It is presented as a counterpart to the share capital adjustment, bearing the same value (Note 30).

(j) Revaluation reserves

The tangible assets, with the exception of tangible assets in progress, are presented in the statement of financial position at the revaluated value, minus the cumulated amortisation and the value losses. Revaluations are performed with sufficient regularity to make sure that the book value does not materially differ from what would have been determined through the use of fair value as at the balance sheet date.

If the book value of an asset is increased following a reassessment, this increase is directly recorded as own equity under "Revaluation reserves". The increase is recognised as profit or loss to the extent to which it offsets a decrease from the revaluation of the same asset previously recognised in the profit or loss account.

If the book value of an asset is decreased following a revaluation, this decrease is recognised in the profit or loss account, save for the case where the decrease is debited directly from the own equity under the "revaluation reserves", insofar as there is credit balance within the revaluation surplus for that asset.

Starting from May 1, 2009, the reserves from the revaluation of tangible assets, recorded after January 1, 2004, have been taxed concurrently with the deduction of the tax amortisation from the calculation of the taxable profit, namely when these fixed assets were removed from inventory, as the case may be.

The revaluation reserves accumulated prior to 31.12.2014 were transferred under **Balance carried forward from the use, as at the date of transitioning to IFRS, of fair value as deemed cost**, upon the first-time restatement aimed at implementing IFRS. These are highlighted separately and presented in the reserves chapter (Note 9 Own equity – balance carried forward from the use of deemed cost as fair value as at the date of transitioning to IFRS).

The revaluation surplus included in own equity, pertaining to a tangible asset element, is directly transferred to the balance carried forward as the asset becomes amortised or is derecognised.

According to IAS 16 "Tangible assets", art. 41, the "revaluation surplus" is considered achieved upon the derecognition of the asset for which the revaluation reserve was set up. Nevertheless, some of the surplus may be obtained as the asset is used by an entity. In such a case, the amount of the transferred reserve is the difference between the depreciation calculated based on the revalued book value and the depreciation value calculated based on the asset's initial cost."

(k) Dividends

Dividends are recognised as payables during the period when they are approved as per a Shareholders' General Assembly Decision.

(l) Suppliers and similar accounts
Accounts payable and other payables, initially recorded at fair value, include the equivalent value of the invoices issued by product suppliers, works carried out and services rendered.

(m) Interest-bearing loans
The company does not have aby interest-bearing loans.
In cases where it resorts to interest-bearing loans, the company will obtain the necessary approvals and present their value accordingly under short- or long-term liabilities.

(n) Borrowing costs
The borrowing costs directly attributable to the purchase, the construction or the production of an asset that requires a substantial amount of time to allow to be used or sold shall be capitalised as a portion of the respective asset's cost. When determining the amount of the borrowing costs eligible for capitalisation over the course of a period, any investment-based revenues generated by such funds shall be deducted from the incurred borrowing costs. All the other costs related to the loan shall be recorded as expenses during the period when they are incurred. The funding costs are represented by interest and other financial costs related to the loans contracted by an entity.

(o) Provisions
A provision is recognised as an expense if, following a previous event, the Company has a legal or constructive present obligation that can be reliably estimated and a disposal of economic benefits is likely to be required in order to fulfil that obligation.

The provisions are determined by updating projected future cash flows using a rate before tax that reflects the current market assessments in regard to the time value of money and the risks specific to that payable. The adjustment amortisation is recognised as a financial expense. Where the effect of the time value of money is material, the value of a provision shall be the current value of the expenses projected as necessary to settle the obligation.

(p) Corporate income tax
The corporate income tax costs comprise the current tax and the deferred tax.
The **current tax** is the tax payable to the state budget and calculated according to the Fiscal Code provisions. It is calculated by adding under the accounting result the similar revenues, followed by subtracting tax deductions and adding fiscally non-deductible expenses. At the same time, the tax calculation also includes any tax receivable resulted from changing the end use of certain own equity elements – identified as reserves – and stating them as dividends.

The **deferred tax** is recognised in terms of the temporary differences between the book value of the assets and liabilities, used for financial reporting purposes, and the tax base used to calculate the tax. The deferred tax shall not be recognised for the following temporary differences:

- the initial recognition of assets or liabilities originating from a transaction which is not a business combination and does not affect the accounting or tax profit or loss;
- differences associated to investments in subsidiaries or jointly controlled entities, insofar as they are likely not to be carried over in the future; and
- taxable temporary differences resulted from the initial recognition of goodwill.

Deferred tax receivables and liabilities shall be offset only if there is a legal right to offset the current tax liabilities and receivables and they concern taxes charged by the same fiscal authority to the same entity, or to a different taxable entity which intends to conclude an agreement for the current tax liabilities and receivables on a net basis, or whose taxation-based assets and liabilities will be simultaneously obtained.

A deferred tax receivables is recognised for unused fiscal losses, tax loans and deductible temporary differences, to the extent to which it is likely to obtain taxable profits that will be available in the future and will be used. Deferred tax receivables are revised as at each reporting date and reduced insofar as it has become unlikely to obtain a fiscal benefit. The effect of the changes in tax rates upon the deferred tax is recognised under the profit or loss account, save for the case where it concerns elements previously recognised directly under own equity.

(q) Affiliated parties
Companies are deemed affiliated when one of the parties, by way of ownership, contractual rights, family relations or by other means, has the capacity to directly or indirectly control or to significantly influence the other party.

(r) Revenues
Sales of goods
The revenue is recognised when the significant risks and benefits have been transferred to the buyer, it is likely to obtain economic benefits and the related costs can be accurately estimated. The revenues primarily represent the value of salt-based and limestone products sold, supplemented by the value of the services specific to tourist activities and other services rendered.

Revenues from services
The revenues from services are recognised during the reference period.

(s) Financial revenues and expenses
Financial revenues comprise revenues from interest and foreign exchange gains, changes in the fair value of financial assets through the profit or loss account. The interest revenues are recognised as they are received and accumulate in the profit or loss account, using the effective interest method.
The company does not obtain revenues from dividends.

Financial expenses comprise foreign exchange losses.

The foreign exchange gains and losses are reported on a net basis.

(t) Employee benefits
In accordance with the Collective Labour Agreement, when they meet the legal requirements in terms of retirement, the salaried employees are entitled to receive a monetary reward.

Societatea Națională a Sării records on a yearly basis its obligations deriving from the application of IAS 19, based on actuarial calculations performed by a certified actuary.

Short-term employee benefits
The short-term employee benefits include salaries and social security contributions. Long-term employee benefits are evaluated without being updated, whereas the expense is recognised as the related services are rendered.

A liability is recognised at the value expected to be paid as part of short-term plans to grant premiums in cash or profit-sharing premiums provided that the Company has the legal or constructive obligation to pay this amount for services rendered beforehand by its employees and the obligation can be reliably estimated.

As part of the regular business it conducts, the Company makes social security payments to the Romanian State for the benefit of its employees. All of the Company’s salaried employees are included in the Romanian State’s pension scheme.

Long-term employee benefits
The calculated costs with the long-term employee benefits granted to the salaried employees make reference to retirement benefits, the death allowance granted in the event of the employee’s death and the death allowance granted in the event of the employee’s death on account of a work injury or an occupational illness. These costs shall be discounted using an interest rate that also takes into account, among others, the time value of money, and shall be recognised, as opposed to the already recognised amounts, as a provision, as at the concluded fiscal year date.

The discount rate(s) employed shall be the rate(s) before tax that would reflect the current market assessments of the time value of money and of the debt-specific risks. The discount rate(s) must not reflect the risks for which the estimates of future cash flows were adjusted.

(t) Subsidies
Subsidies are initially accounted for in the statement of financial position, as deferred income, when there are reasonable assurances that they will be received and the Company will fulfil the subsidy-related

requirements, as the case may be, and are recognised as income when the associated costs (for example, the amortisation of fixed assets through subsidies) have been recognised.

The company fully finances its expenditure and investments from its own revenues. The amounts that are recognised in the financial statements as subsidies represent the reversal under revenues of the costs with the amortisation of the tangible assets financed from the Geological research and development fund and the reversal pertaining to the EU co-financing share for a SOP-IEC (*Sectoral Operational Programme 'Increase of Economic Competitiveness'*) project.

The company implemented a project financed from European funds (SOP-IEC) for a salt recrystallization line at Cacica branch (50% co-financing share) for which the monthly amortisation pertaining to the asset funded from the EU co-financing share is recognised under subsidies.

(u) Contingent liabilities

Contingent liabilities are presented in the case where it is possible to have a resource outflow representing potential, but not probable, economic benefits, and/or the value can be credibly estimated.

A contingent asset will not be recognised in the financial statements, but will be presented when a receipt of economic benefits is likely to occur.

(v) Determining the fair values

Some of the Company's accounting policies and certain requirements to disclose information require determining the fair value both for the financial and the non-financial assets and liabilities. The fair values were determined in order to assess and/or present the information pursuant to the methods described below. When necessary, additional information concerning the assumptions used to determine the fair values is disclosed in the notes associated to the respective asset or liability.

(i) Tangible assets

The fair value of tangible assets relies on the market value. The market value of real property is the value for which a property could be exchanged, on the valuation date, as part of a transaction conducted on arm's length terms, following a corresponding marketing campaign, between two interested and fully aware parties. The fair value of the tangible assets in the other categories (machinery and equipment, installations, furniture and accessories) relies on the market value and the cost method, using market prices quoted for similar elements, when these are available, or the replacement cost, as necessary.

(w) Financial instruments

The financial assets and the financial liabilities are recognised when the Company becomes a party to the contractual provisions of an instrument.

Financial assets and liabilities are initially measured at fair value. The transaction costs that are directly attributable to the purchase or issuance of financial assets and liabilities (different from the financial assets and the financial liabilities at their fair value through profit or loss) are added, during the initial recognition, or deducted from the fair value of the financial assets or liabilities in question, as the case may be. The transaction costs directly attributable to the purchase of financial assets or liabilities at fair value through profit or loss are immediately recognised under the separate profit or loss.

Financial assets

Financial assets are classified in the following categories: financial assets "at fair value through profit or loss" (FVTPL), investments "held until maturity", 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 the standard purchases or sales of financial assets are recognised and derecognised on the transaction date. Standard purchases or sales are purchases or sales of financial assets that require the delivery of the assets within a timeframe set forth in the regulation or by way of a market agreement.

Effective interest method

The effective interest method is a method for calculating the amortised cost of a financial asset and for allocating the interest income over the relevant period. The effective interest rate is the rate which accurately updates the estimated future cash receipts over the operating life of the financial instrument (including all the fees paid or received that are an integral part of the effective interest rate, the transaction costs and other premiums or discounts), or (as necessary) over a shorter period, at the net book value of the financial asset as at the date of initial recognition.

The revenue is recognised based on the effective interest for the financial instruments, different from those assets classified as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:
- it was purchased primarily in order to be sold in the near future; or
- upon initial recognition, it is part of a portfolio of identified financial instruments which the Company collectively administers and benefits from a recent actual model for short-term profit inflows; or
- it is a derivative not effectively designated as a hedging instrument.

A financial asset different from a financial asset held for trading may be designated as a financial asset at fair value through profit or loss, upon its initial recognition, if:
- a designation of this nature eliminates or significantly reduces a measurement or recognition inconsistency which would otherwise occur; or
- the financial asset is part of a group of financial assets or financial liabilities, or both, a group that is administered, and that asset's performance is measured based on the fair value, in accordance with the Company's documented risk management and investment strategy, whereas the information on how these are grouped is provided internally on this basis; or
- it is part of a contract which contains one or several embedded derivatives, and **IAS 39 Financial instruments: Recognition and Measurement** allows for the entire combined contract (asset or liability) to be designated as a financial asset at fair value through profit or loss.

The financial assets at fair value through profit or loss are presented at fair value, and any gains or losses resulting from the revaluation being recognised under profit or loss. The net gains or losses recognised under profit or loss comprise all the dividends or the interest gained on the financial assets and are included in the elements of the "Losses from embedded derivatives" and "Other financial income / financial (expenditure)" categories.

Investments held until maturity

Investments held until maturity are non-derivative assets, with fixed or variable payments and fixed maturity dates, which the Company positively intends, and has the capacity, to retain until maturity. After the initial recognition, investments held until maturity are measured at amortised cost, using the effective interest method, minus the depreciation.

In regard to certain categories of financial assets (such as trade receivables), the assets that are individually measured are further measured for impairment on a collective basis. The objective proof of impairment affecting a portfolio of receivables could include the Company's past experience in collecting payments, an increase in the number of delayed payments, within the portfolio, beyond the average loan period, as well as perceptible changes across the national or local economic conditions which correlate with the failure to fulfil financial obligations related to receivables.

For the financial assets recorded at amortised cost, the value of the recognised impairment loss is the difference between the asset's book value and the present value of the future estimated cash flows, updated using the effective initial interest rate of the financial asset.
For the financial assets recorded la cost, the impairment loss value is measured as the difference between the asset's book value and the present value of the future estimated cash flows, updated using the current market rate of return for a similar financial asset. This type of impairment loss shall not be reversed during the following periods.
The book value of the financial asset is decreased through the impairment loss, which directly applies to all the financial assets, with the exception of trade receivables, where the book value is decreased through the use of an impairment provision account. The subsequent recoveries of previously cancelled values are

credited to the impairment provision account. The changes to the book value of the impairment provision account are recognised under profit or loss.

When a financial asset available for sale is considered to be impaired, the cumulated gains or losses previously recognised in the comprehensive income are reclassified under profit or loss during the respective period.

In regard to the financial assets measured at amortised cost, if, during the following period, the impairment loss decreases, or if the decrease can be objectively correlated with an event that takes place after the recognition of said impairment, the impairment loss previously recognised shall be reversed through profit or loss insofar as the book value of the instrument on the impairment reversal date does not exceed the amortised cost borne if the impairment were not to have been recognised.

In regard to the shares available for sale, the impairment losses previously recognised under profit or loss will not be reversed through profit or loss. Any fair value increase that follows an impairment loss shall be recognised under the comprehensive income and shall cumulate under the designation of investment revaluation reserve. As far as debt securities available for sale are concerned, the impairment losses shall be subsequently reversed through profit or loss if an increase in the investment fair value can be objectively correlated with an event that takes place after the impairment loss recognition.

Derecognition of financial assets
The company will derecognise a financial asset only when the contractual rights related to the cash flows within the assets expire or when it transfers the financial asset and, substantially, all the risks and rewards pertaining to the asset title deed, to another entity. If the Company neither transfers, nor keeps, to a significant extent, all the risks and rewards pertaining to the title deed and continues to control the transferred asset, the Company shall recognise the right within the asset and the associated debt in relation to the values it would have to pay. If it does not substantially retain all the risks and rewards related to the title deed over a transferred financial asset, the Company shall continue to recognise the financial asset and, furthermore, shall recognise a secured loan for the receipts it earned.

Upon the total derecognition of a financial asset, the difference between the asset's book value plus the amount of the received and receivable equivalent value, on the one hand, and the gain or loss that was recognised under other comprehensive income elements and cumulated under own equity, on the other hand, shall be recognised under profit or loss.

Upon the derecognition of a financial asset other than in full (e.g.: when the Company does not retain an option to redeem a portion of a transferred asset, or retains a residual interest which does not result in the substantial retention of all the risks and rewards related to the title deed, and the Company does not maintain control), the Company shall allocate the previous book value of the financial asset between the part it continues to recognise under continuous involvement and the part it no longer recognises based on the fair values corresponding to those parts as at the transfer date. The difference between the book value allocated to the part that is no longer recognised plus the amount of the equivalent value received for the part that is no longer recognised, on the one hand, and any allocated cumulated gain or loss that was recognised under other comprehensive income elements, on the other hand, shall be recognised under profit or loss. A cumulated gain or loss that was recognised under other comprehensive income elements shall be allocated between the part that continues to be recognised and the part that is no longer recognised, based on the fair values corresponding to those parts.

Financial liabilities and own equity instruments
Classification as liability or capital
The debt instruments or the equity instruments issued by the Company are classified either as financial liabilities or as own equity, in accordance with the contractual commitments and the financial liability and equity instrument definitions.

Equity instruments
An equity instrument is any contract that substantiates a residual stake in the assets of an entity after all of its liabilities have been deducted. The equity instruments issued by the Company are recognised under the inflows received, as the net direct issuance costs.
The repurchase of the Company's own equity instruments is recognised and deducted directly under own equity. No gain or loss shall be recognised under profit or loss upon the purchase, sale, issuance or forfeiture

of the Company's own equity instruments.

Financial liabilities
Financial liabilities are classified either as financial liabilities measured at fair value through profit or loss or as 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 recorded at fair value through profit or loss.

A financial liability is classified as held for trading if:

- it was primarily purchased in order to be redeemed in the near future; or
- upon initial recognition, it is part of a portfolio of identified financial instruments which the Company administers collectively and is accompanied by a recent model of netting a profit in the short term; or
- it is a derivative that is not designated as a hedging instrument or is not effective.

A financial liability, different than the financial liability held for trading, may be designated as being measured at fair value through profit or loss, upon initial recognition, if:

- this designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise occur; or
- the financial liability is part of a group of financial assets or financial liabilities, or both, the performance of which is managed and measured based on the fair value, in accordance with the documented risk management or the investment strategy, as well as if the grouping is sourced internally on that basis; or
- it is part of a contract which contains one or several embedded derivatives and **IAS 39 Financial instruments: Recognition and Measurement** allows for the entire combined contract (asset or liability) to be designated as being measured at fair value through the profit or loss account.

Financial liabilities at fair value through profit or loss are measured at fair value, with any gain or loss resulting from the revaluation being recognised under profit or loss. The net gain or loss recognised under profit or loss includes any interest paid in relation to the financial liability and is recorded under "Losses from embedded derivatives" and "Other financial income/(expenditure)" in profit or loss.

Other financial liabilities
Other financial liabilities (loans included) are subsequently measured at amortised cost, using the effective interest method.
The effective interest method is a method for calculating the amortised cost of a financial liability and for allocating the interest expenses over the relevant period. The effective interest rate is the rate which accurately updates the estimated future cash payments over the projected operating life of the financial liability (including all the fees paid or received that are an integral part of the effective interest rate, the transaction costs and other premiums or discounts) or (as necessary) over a shorter period, at the net book value as at the date of initial recognition.

Derecognition of financial liabilities
The Company derecognises financial liabilities exclusively when the Company's obligations are paid, cancelled or expire. The difference between the book value of the derecognised financial liability and the paid and payable equivalent value shall be recognised under profit or loss.

Derivatives
Derivatives are initially recognised at their fair value as at the dates when the contracts are concluded and subsequently revaluated at their fair value at the closure of each reporting period. The resulting gains or losses are immediately recognised in the profit or loss account, save for the case where the derivative is designated and operates as a hedging instrument, in which case the time of its recognition under profit or loss depends on the nature of the hedging relationship.

Embedded derivatives
Derivatives embedded in non-derivative host contracts are stated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not evaluated 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 hedging relationship, the Company justifies with documentation the relationship between the hedging instrument and the hedged element, as well as the risk management objectives and its strategy in terms of concluding various hedging transactions. Additionally, at the start of the hedge and on a permanent basis, the Company justifies with documentation whether the hedging instrument is effective in offsetting the changes in the fair values or the values of the cash flows of the hedged element, which can be attributed to the hedged risk.

Fair value hedging operations
The changes in the fair values of derivatives that are designated as, and fall under the category of fair value hedges, shall be immediately recognised under profit or loss, next to other changes in the hedged fair value or asset value or debt value that can be attributed to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged element, that can be attributed to the hedged risk, are recognised in the SEPARATE statement of comprehensive income, on the row corresponding to the hedged element.

Hedge accounting is interrupted when the Company rescinds the hedging relationship, when the hedging instrument expires or is sold or when it no longer falls under hedge accounting.

The adjustment of the fair value of the hedged element's book value, which derives from the hedged risk, is amortised, starting from the respective date, under profit or loss.

Cash flow hedging operations
The effective portion of the fair value of the derivatives that are designated as, and fall under, cash flow is recognised under other non-consolidated comprehensive income elements and accumulated in the cash flow hedging reserve. The gains or losses pertaining to the ineffective portion is immediately recognised under the SEPARATE profit or loss and is included into "Losses from embedded derivatives" and "Other financial income/(expenditure)" elements.

The values previously recognised under other comprehensive income elements and accumulated under own equity are reclassified under profit or loss during the periods when the hedged element is recognised under profit or loss, on the same row as that of the recognised hedged element, in the statement of profit or loss and the statement of other comprehensive income elements.

Nevertheless, when the projected hedging transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised under other comprehensive income elements and accumulated under own equity shall be transferred from own equity and included in the initial measurement of the non-financial asset cost or of the non-financial liability.

Hedge accounting is suspended when the Company rescinds the hedging relationship, when the hedging instrument expires or is sold, terminated or executed or when it no longer qualifies for hedge accounting.
Any gains or losses recognised SEPARATELY under other comprehensive income elements and accumulated under capital at the time shall remain under capital and be recognised when the projected transaction is eventually recognised under the SEPARATE profit or loss. When the projected transaction is no longer expected to take place, the gains or losses are immediately accumulated under the SEPARATE profit or loss.

(x) Leasing
Lease contracts are classified as financial lease contracts whenever the lease contract conditions transfer, to a significant extent, all the risks and rewards related to the user's right of ownership. All the other lease contracts are classified as operating leases.

The assets held pursuant to financial lease contracts are initially recognised as Company assets at their fair value, at the start of the lease contract or, if this value is lower, at the current value of the minimum lease payments. The corresponding obligation towards the owner is included in the SEPARATE statement of financial position as an obligation associated to the financial lease.

The lease payments are distributed between financial expenses and lowering the obligation associated to the lease, so as to obtain a constant interest rate related to the debt balance. Financial expenses are immediately recognised under profit or loss provided that they are not directly attributable to the eligible assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent leases are recognised as expenses during the periods in which they occur.

Operating lease payments are recognised under expenditure throughout the lease period, save for the cases in which a different basis is more representative of the interval during which the economic benefits resulted from the asset taken over under lease are consumed. Contingent leases generated pursuant to the operating lease are recognised as expenditure during the periods in which they occur.

In cases where leasing incentives are received towards concluding operating lease contracts, such incentives shall be recognised as liabilities. The aggregated benefit of the incentives is recognised as a linear decrease of the leasing costs, save for the cases where a different systematic basis is more representative of the interval during which the economic benefits resulted from the asset granted under lease are consumed.

(All the amounts are expressed in RON, unless otherwise provided)

Note 4 ASSETS

Note 4.1 TANGIBLE ASSETS

Tangible assets	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Lands	27,415,583	27,415,583
Buildings	137,220,013	126,552,550
Technical equipment and machinery	96,509,604	87,702,963
Other plant, machinery and furniture	1,354,078	1,161,609
Biological assets	6,893	3,313
Tangible assets in progress	22,785,217	12,241,936
Amortisation of buildings	(20,532,213)	(13,404,676)
Amortisation of technical equipment and machinery	(18,508,147)	-
Amortisation of other plant, machinery and furniture	(329,441)	-
Adjustments for impairments of buildings	(5,335,030)	(6,462,315)
Adjustments for impairments of technical equipment and machinery	(491,437)	(559,615)
Adjustments for impairments of tangible assets in progress	(4,116,681)	(4,331,931)
Advances for the purchase of tangible assets	940,546	1,525,904
Impairment adjustments for advances for the purchase of tangible assets	(940,546)	(940,546)
TOTAL	**235,978,441**	**230,904,772**

	Balance as at December 31, 2021	**Balance as at December 31, 2020**
Rights to use the assets	4.517,036	4,517,036
Amortisation of the rights to use the assets	(2,124,757)	(986,956)
TOTAL	**2,392,279**	**3,530,080**

(all the amounts are expressed in RON, unless otherwise provided)

COST	Lands and special set-ups	Buildings and special constructions	Technical equipment and machinery	Other plant, machinery and furniture	Biological assets	Advances for the purchase of tangible assets	Tangible assets in progress	Total
Balance as at January 1, 2021	27,415,583	126,552,549	87,702,962	1,161,606	3,313	1,525,904	12,241,935	256,603,856
Increases	0	10,956,235	8,873,811	192,473	3,580	0	30,737,884	50,763,983
Decreases	0	(288,771)	(67,169)	(1)	0	(585,358)	(20,194,602)	(21,135,903)
Balance as at December 31, 2021	27,415,583	137,220,013	96,509,604	1,354,078	6,893	940,546	22,785,217	286,231,936
ACCUMULATED AMORTISATION								
Balance as at January 1, 2021	0	(13,404,679)	0	0	0	0	0	(13,404,679)
Period amortisation	0	(7,143,673)	(18,554,350)	(329,441)	0	0	0	(26,027,464)
Decreases	0	16,139	46,203	1	0	0	0	62,344
Balance as at December 31, 2021	0	(20,532,213)	(18,508,147)	(329,441)	0	0	0	(39,369,799)
VALUE ADJUSTMENTS								
Balance as at January 1, 2021	0	(6,462,316)	(559,613)	0	0	(940,546)	(4.331,931)	(12,294,406)
Increases	0	0	0	0	0	0	(377,000)	(377,000)

(All the amounts are expressed in RON, unless otherwise provided)

Decreases	**0**	**1.127.286**	**68.176**	**0**	**0**	**0**	**592.249**	**1.787.711**
	Lands and special set-ups	**Buildings and special constructions**	**Technical equipment and machinery**	**Other plant, machinery and furniture**	**Biological assets**	**Advances for the purchase of tangible assets**	**Tangible assets in progress**	**Total**
Balance as at December 31, 2021	**0**	**(5,335,030)**	**(491,437)**	**0**	**0**	**(940,546)**	**(4,116,681)**	**(10,883,695)**
NET BOOK VALUE								
Balance as at January 1, 2021	**27,415,583**	**106,685,554**	**87,143,349**	**1,161,606**	**3,313**	**585,358**	**7,910,004**	**230,904,769**
Balance as at December 31, 2021	**27,415,583**	**111,352,770**	**77,510,020**	**1,024,637**	**6,893**	**0**	**18,668,536**	**235,978,441**
Balance as at January 1, 2020	**24,741,601**	**102,103,838**	**105,258,179**	**1,772,329**	**3,313**	**1,822,327**	**13,011,956**	**248,713,543**
Increases	80,956	14,869,475	23,121,275	215,612	-	585,524	37,445,732	76,318,580
Revaluation - amortisation write-off		(17,362,556)	(56,560,643)	(993,944)	-	-	-	**(74,917,143)**
Decreases	(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	-	-	**-**	**47,227,309**
Balance as at December 31, 2020	**27,415,583**	**126,552,549**	**87,702,962**	**1,161,606**	**3,313**	**1,525,904**	**12,241,935**	**256,603,856**
ACCUMULATED AMORTISATION								

Balance as at January 1, 2020	**(13,850)**	**(24,256,277)**	**(43,384,572)**	**(781,337)**	**-**	**-**	**-**	**(68,436,036)**
Period amortisation	-	(6,567,195)	(14,650,596)	(278.619)	-	-	-	**(21.496,411)**
	Lands and special set-ups	**Buildings and special constructions**	**Technical equipment and machinery**	**Other plant, machinery and furniture**	**Biologica l assets**	**Advances for the purchase of tangible assets**	**Tangible assets in progress**	**Total**
Decreases	13,850	56,237	1,474,525	66,012	-	-	-	**1,610,626**
Revaluation - amortisation write-off	0	17,362,556	56,560,643	993,944	-	-	-	**74,917,143**
Balance as at December 31, 2020	**-**	**(13,404,679)**	**-**	**-**	**-**	**-**	**-**	**(13,404,679)**
VALUE ADJUSTMENTS								
Balance as at January 1, 2020	-	(5,145,189)	(210,768)	-	-	(940,546)	(4.935,751)	**(11,232,254)**
Increases	-	(1,317,127)	(348,845)	-	-	-	-	**(1,665,972)**
Decreases	-	-	-	-	-	-	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 January 1, 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 December 31, 2020	**27,415,583**	**106,685,558**	**87,143,347**	**1,161,607**	**3,312**	**585,358**	**7,910,004**	**230,904,769**

(All the amounts are expressed in RON, unless otherwise provided)

Tangible assets are primarily specific to the mineral resource exploitation activities: lands pertaining to the mining fields, buildings and special constructions, excavation and transportation machinery and equipment, processing and packaging machinery and equipment, conveyor belts, etc.

The Company does not hold assets for sale.

In 2021, the Company's increases in tangible assets amounted to 50,763,983 lei:

- buildings and special constructions amounting in total to 10,956,235 lei of which, by branch: Slanic Prahova Salt works: procurements amounting to 3,390,400 lei (e.g. screeding of main horizontal roadway, cafeteria rehabilitation, relocation of explosives warehouse, etc.);
  Vâlcea Mining site: procurements and upgrades amounting to 2,427,125 lei (e.g. purchase of a limestone grinding pilot plant, the porous ammonium nitrate warehouse, upgrades to apartment buildings, administrative buildings, etc.);
  Praid Salt works: procurements amounting to 172,189 lei (safety lighting system);
  Targu Ocna Salt works: procurements amounting to 2,591,504 lei (purchase of "Route II underground access");
  Ocna Dej Salt works: upgrades amounting to 2,375,016 lei (e.g. upgrades to the tilted roadway, the concreted platform, etc.);
- procurements of technical equipment and machinery amounting to 8,873,811 lei (technological equipment amounting to 5,361,470 lei, metering, control and adjustment tools and units amounting to 316,008 lei, means of transportation amounting to 3,196,333 lei intended for mining exploitation and product and passenger transportation);
- the purchases of furniture, office automation, protection equipment in 2021, at Company level, amounted to 192,472 lei;
- the tangible assets in progress, amounting to 30,737,883 lei, represent purchases of equipment, machinery and various special investment and construction works.

The decreases in tangible assets, with a total amount of 21,135,905 lei, consist in:

- scrapped tangible assets amounting to 329,454 lei (buildings and special constructions – 288,770 lei, technical equipment and machinery amounting to 40,681 lei);
- disposals followed by sales - technical equipment and machinery, paid-in value 18,525 lei;
- transfer of fixed assets identified as inventory items, amounting to 7,923 lei, to the inventory items category;
- tangible assets in progress amounting to 20,194,602 lei, as well as accepted, commissioned as tangible assets – fixed assets, commissioned throughout 2021, deregistration.

Valuation of tangible assets:
The lands, buildings and special constructions, technological equipment, plants, means of transportation and other fixed assets held by the Company as at December 31, 2021 are presented in the statement of financial position **at fair value.**

Upon the first-time restatement of the financial accounts, for compliance with IFRS, the Company used the deemed cost as at 31.12.2014 to present the fixed assets.

At the closure of the 2020 fiscal year, the company performed the revaluation of the tangible fixed assets within its patrimony, for all the groups of fixed assets: lands, buildings and special constructions, work machinery and equipment, means of transportation, furniture and office automation.
To determine the fair value of the tangible fixed assets, an impairment specific to each cash-generating unit (CGU) was recognised pursuant to valuation reports drawn up by independent valuators.

Investments in progress
The balance of investments in progress as at 31.12.2021 has a gross amount of 22,785,216 lei and of 12,241,935 lei as at December 31, 2020, respectively. The main objectives in progress appear as follows:

Investment objective designation	Investment value

Maintaining the output capacity of Drill field – Drill 13 East (Tg. Ocna)	6,255,125
Deposit protection works – West wing air pit restoration (Vâlcea)	5,006,776
Ocna Dej Salt works production and packaging hall and adjacent area setup (Ocna Dej)	1,766,241
ANDRITZ KMPT centrifuge (Cacica)	1,143,905
Telegdy pit rehabilitation (Praid)	1,089,022
Level 40 securing works (Praid)	521,220
Deposit protection works – exit route 5 waterproofing (Vâlcea)	443,080
Retrofitting and systematisation of infrastructure and constructions on the premises of Slănic Salt works	397,259
Maintaining the output capacity across the drill field (Tg. Ocna)	396,675
Tourist space set-up (premises and underground areas) (Slanic)	356,000
Feasibility study on perimeter development possibilities (Ocna Mures)	224,000

Amortisation of fixed assets and depreciation adjustments

Accounting depreciation is calculated using the linear method. For quarries and drills, the depreciation is calculated depending on the reserve.

In 2021, there were write-offs of adjustments for the depreciation of assets in progress amounting to 592,249 lei, representing the value of investment objectives in progress, completed and commissioned. These also include the sanitary dedusting plant at Slănic Prahova, amounting to 79,760 lei, removed from the accounting records. As at the year closing date, impairment adjustments amounting to 377,000 lei were set up.

At the closure of 2021, the balance of advance payments to suppliers for the purchase of tangible assets was 940,546 lei (machinery for Ocna Dej branch), for which a 100% adjustment was recognised. The item of machinery is subject to a litigation pending before law courts (SNS SA vs Eltemes Sp ZOO).

Note 4.2 INTANGIBLE ASSETS

The intangible assets purchased by the company are presented at cost, minus the cumulated amortisation and value losses. The amortisation is recognised in the profit and loss account based on the linear method, over the estimated operating life of the respective intangible asset. Most intangible assets recorded by the company are represented by computer software, and related licences, for various areas of activity (production, accounting, financials, procurements, payroll). These are amortised on a linear basis over a period not exceeding three years.

During the January 1 - December 31, 2021 period, the status of intangible assets evolved as follows:

COST	Balance as at January 1, 2021	Increases	Decreases /reclassific ations	Balance as at December 31, 2021
Concessions, patents, licences, marks and similar values, other intangible assets	841,628	87,000	0	928,628
Intangible assets of harnessing and evaluation of mineral resources	1,018,727	259,777	0	1,278,504
Other intangible assets	2,571,224	89,827	11,439	2,649,612
Advances for the purchase of intangible assets	43,980	7,712	1,527	50,165
Total	**4,475,559**	**444,316**	**12,966**	**4,906,909**

Intangible assets are amortised using the linear method. As at January 1 and December 31, 2021, the amortisation of tangible assets appears as follows:

	Decreases	Balance as at

(All the amounts are expressed in RON, unless otherwise provided)

AMORTISATION	**Balance as at January 1, 2021**	**Year amortisation**		**December 31, 2021**
Concessions, patents, licences, marks and similar values, other intangible assets	260,756	103,928	0	364,684
Amortisation of intangible assets of harnessing and evaluation of mineral resources	266,661	285,289	0	551,950
Amortisation of other intangible assets	2,111,797	305,696	11,439	2,406,054
Total	**2,639,214**	**694,913**	**11,439**	**3,322,688**

ADJUSTMENT	**Balance as at January 1, 2021**	**Year adjustment**	**Decreases**	**Balance as at 31.12.2021**
Concessions, patents, licences, marks and similar values, other intangible assets	-	-	-	-
Adjustment of intangible assets of harnessing and evaluation of mineral resources	-	-	-	-
Adjustment of other intangible assets	-	-	-	-
Total	-	-	-	-

NET VALUE	**Balance as at January 1, 2021**	**Balance as at December 31, 2021**
Concessions, patents, licences, marks and similar values, other intangible assets	580,872	563,944
Intangible assets of harnessing and evaluation of mineral resources	752,066	726,554
Other intangible assets	459,427	243,558
Advances for the purchase of intangible assets	43,980	50,165
Total	**1,836,345**	**1,584,221**

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

COST	Balance as at January 1, 2020	Increases	Decreases / reclassifications	Balance as at December 31, 2020
Concessions, patents, licences, marks and similar values, other intangible assets	794,322	188,000	140,696	841,628
Intangible assets of harnessing 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
Advances 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 linear method. As at January 1 and December 31, 2020, the amortisation of intangible assets appears as follows:

(All the amounts are expressed in RON, unless otherwise provided)

AMORTISATION	Balance as at January 1, 2020	Year amortisation	Decreases	Balance as at December 31, 2020
Concessions, patents, licences, marks and similar values, other intangible assets	343,714	57,737	140,696	260,756
Amortisation of intangible assets of harnessing 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
Total	**2,829,591**	676,847	867,225	2,639,214

ADJUSTMENT	Balance as at January 1, 2020	Year adjustment	Decreases	Balance as at 31.12.2020
Concessions, patents, licences, marks and similar values, other intangible assets	-	-	-	-
Adjustment of intangible assets of harnessing and evaluation of mineral resources	-	-	-	-
Adjustment of other intangible assets	62,048	-	62,048	-
Total	62,048	-	62,048	

NET VALUE	Balance as at January 1, 2020	Balance as at December 31, 2020
Concessions, patents, licences, marks and similar values, other intangible assets	450,608	580,872
Intangible assets of harnessing and evaluation of mineral resources	701,436	752,066
Other intangible assets	618,375	459,427
Advances for the purchase of intangible assets	43,979	43,980
Total	1,814,398	1,836,345

The increases in intangible assets represent purchases of licences, computer software (licences and surveys pertaining to activities focusing on geological exploration, construction stability, monitoring exploitation instability phenomena, modelling mine ventilation networks, etc.)
The decreases in intangible assets, amounting to 11,439 lei, represent the disposal of intangible assets (licences and software) and are fully amortised. In 2021, the company paid advances for the purchase of intangible assets, amounting to 7,712 lei.

Note 4.3 FINANCIAL FIXED ASSETS
The company does not hold stakes in the share capital of other trading companies.

Note 4.4 OTHER FIXED ASSETS

(All the amounts are expressed in RON, unless otherwise provided)

	Balance as at December 31, 2021	Balance as at December 31, 2020
Other fixed assets/long-term receivables	29,384,988	15,291,019
Deferred corporate income tax	185,345	-
TOTAL	**29,570,333**	**15,291,019**

In other fixed assets/long-term receivables, the highest share belongs to environmental reclamation guarantees, set up by the branches in light of the legal obligations imposed amounting to 17,088,003 lei, and performance bonds amounting to 12,296,985 lei. At the closure of the 2020 fiscal year, SNS did not have a performance bond set up for the salt deliveries to CNAIR, whereas the validity of the letter of bank guarantee had expired in October 2020 and was renewed in February 2021.

Inventories	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Raw materials	413,483	424,500
Consumables, auxiliary materials, inventory items and packaging	11,696,576	12,161,189
Production in progress	5,809,706	9,711,706
Semi-finished and finished products	12,080,915	18,879,904
Goods	909,559	708,643
Advances for the purchase of inventories	14,418	
Total	**30,924,658**	**41,885,942**

VALUE ADJUSTMENTS	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Depreciation adjustments for raw materials	(401)	(57)
Depreciation adjustments for consumables	(960,800)	(1,694,529)
Depreciation adjustments for semi-finished and finished products	(21,159)	(18,826)
Depreciation adjustments for goods	(4,784)	(1,674)
Total value adjustments	**(987,144)**	**(1,715,086)**
Net value of inventories	**29,937,517**	**40,170,855**

The **inventories of raw materials, consumables**, auxiliary materials and spare parts are recorded as inventories at the time of their purchase, then recorded as expenditure at the time of consumption. The method employed to capitalise on (release for consumption) the various types of inventories identified as spare parts and consumables is FIFO (first in, first out). The cost of inventories rely on the entry value added to the inventory records. They also include the reserve stock requirements.
The **inventories of finished products** are recorded on a monthly basis at the pre-calculated cost, as are, simultaneously, the differences up to the value of the achieved production cost. The production cost comprises direct and indirect expenses through the standard cost method, which takes into account the regulated levels of materials and consumables, of labour and output capacity. The direct expenditure category includes expenses with raw materials, consumables and auxiliary materials, electricity, expenses with the actual production personnel, and can be identified for each individual product. The indirect expenditure category includes expenses that are not identifiable by product, but concern the entire output activity. Allocation is performed depending on the quantity obtained.

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

As at December 31, 2021, depreciation adjustments were set up for still or slow-moving inventories, minus the reserve inventory (an inventory required by machinery for emergency repair cases), as follows:

(All the amounts are expressed in RON, unless otherwise provided)

- for the inventories of raw materials, the depreciation adjustment value is 401 lei, showing an increase by 344 lei from the previous year (57 lei in 2020);
- for the inventories of consumables, auxiliary materials, spare parts, the depreciation adjustment value is 867,852 lei, showing a decrease by 769,098 lei from 2020 (1,636,950 lei in 2020);
- for the stocks of materials identified as inventory items, the depreciation adjustment value is 85,334 lei, showing an increase by 48,536 lei from 2020 (36,798 lei in 2020);
- for the inventories of finished and residual products, the depreciation adjustment value is 21,159 lei, showing an increase by 2,333 lei from 2020 (18,826 lei in 2020);
- for the inventories of goods, the depreciation adjustment value is 4,784 lei, showing an increase by 3,110 lei from 2020 (1,674 lei in 2020);
- for the packaging inventories, the depreciation adjustment value is 7,615 lei, showing a decrease by 13,167 lei from 2020 (20,781 lei in 2020).

The company purchases spare parts in order to ensure the electro-mechanical maintenance activity required by the machinery operating in the production flows. At present, there are a number of machinery items, with a fairly significant length of service and elevated wear and tear levels, that need to be replaced. Under these circumstances, it is necessary to have an inventory of spare parts in order to secure their operation. Building stocks with such parts over an extended period of time may lead to their deterioration.

Over time, purchases were made of both auxiliary materials and spare parts that never entered the production process due to business shutdowns that affected company beneficiaries, which also determined increases of these inventories.

Note 6 TRADE AND SIMILAR RECEIVABLES

Trade receivables and other current assets are disclosed at their net value:

	Balance as at December 31, 2021	Balance as at December 31, 2020
Customers and similar accounts	78,680,336	36,461,453
Impairments of trade receivables	(19,420,506)	(20,877,362)
Other current assets	14,169,358	11,909,291
Value adjustments	(8,399,107)	(8,400,475)
Deferred expenses	950,495	939,414
Total	**65,980,577**	**20,032,321**

Note 6.1 CUSTOMERS AND SIMILAR ACCOUNTS

As at December 31, 2021 and 2020, advance payments from customers appear as follows:

GROSS VALUE	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Trade receivables - customers	78,680,336	36,441,484
Advances granted	17,713	19,969
Total	**78,698,049**	**36,461,453**

VALUE ADJUSTMENTS	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Doubtful customers	(19,420,506)	(20,877,362)

(All the amounts are expressed in RON, unless otherwise provided)

Total adjustments	**(19,420,506)**	**(20,877,362)**

NET VALUE	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Customers and similar accounts	59,277,544	15,584,091
TOTAL	**59,277,544**	**15,584,091**

Trade receivables comprise the obligations internal and external customers have towards the company, their relations being underpinned by product and service delivery commercial contracts.

The strongest dependencies are in the case of salt brine deliveries to Chimcomplex Valcea and Chimcomplex Borzești beneficiary chemical compounds, determined by the brine distribution technology that uses brine pipeline transportation.

Trade receivables are not interest-bearing and generally have a collection deadline of up to 60 days. As at 31.12.2021, a significant balance increase is visible, following the recording of an increase in Q4 2021 in orders for salt for snow clearance placed by CNAIR, compared with the similar period of the previous year.

Note 6.2 OTHER CURRENT ASSETS

As at December 31, 2021 and 2020, the “other current assets” item appears as follows:

GROSS VALUE	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Receivables linked to the salaried employees	564,887	714,561
Other claims receivable from the state budget	5,042,141	2,928,585
Sundry debtors	8,186,641	8,081,588
Interest receivable	375,519	-
Unsettled amounts	170	-
Other receivables (transactions with shareholders related to capital)	-	113,720
Total	**14,169,358**	**11,838,454**

VALUE ADJUSTMENTS	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Sundry debtors	(7,939,851)	(7,941,219)
Receivables linked to the salaried employees	(459,256)	(459,256)
TOTAL	(8,399,107)	(8,400,475)

NET VALUE	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Other current assets – post-adjustment	5,770,251	3,437,979
TOTAL	**5,770,251**	**3,437,979**

The group of **Receivables linked to the salaried employees** comprises amounts that are to be received from the salaried employees in the form of rates, pursuant to sales and purchase agreements for apartments, concluded by Slănic Prahova branch with the salaried employees, for the value of 74,223 lei, amounts left to be collected from the salaried employees, representing the annual reward pertaining to the years 2013-2015 and reaching 31,408 lei, as well as 459,256 lei to be recovered from the salaried employees as a result of inspections conducted by the Court of Accounts and in relation to which SNS SA took legal action.

(All the amounts are expressed in RON, unless otherwise provided)

"Other claims receivable from the state budget" represent primarily amounts receivable, for medical leaves, from the National Health Insurance House.
The category of Sundry debtors comprises:

- amounts credited against former salaried employees (1,369,908 lei) pursuant to inspections conducted by the Court of Accounts, which are subject to legal actions pending before law courts. Adjustments for impairments of receivables were set up in relation to amounts credited to both current and former salaried employees;
- the amount of 6,041,505.59 lei, representing a claim receivable from Oltchim Chemical compound (the total receivable amounting to 24,382,655.66 lei), in the form of a state aid illegally granted as per European Commission Decision no. C (2018) 8592; as at December 31, 2021, this receivables is fully adjusted for impairment;
- other receivables related to sundry debtors, amounting to 775,228 lei.

Note 6.3 DEFERRED EXPENSES

	Balance as at: December 31, 2020	to be carried over: within 1 year	beyond 1 year
Exploitation annual fee	824,292	824,292	
Sundry deferred expenses	115,039	115,039	
Total	**939,331**	**939,331**	**-**

	Balance as at December 31, 2021	to be carried over: within 1 year	beyond 1 year
Exploitation annual fee	824,364	824,364	
Sundry deferred expenses	126,131	126,131	
TOTAL	**950,495**	**950,495**	

The deferred expenses include the mining exploitation fee (NAMR Order 198/2009 and GD 350/2015), due for payment in December of the current year for the following year, the equivalent value of subscriptions to specialised magazines, official gazettes, etc., vehicle excise duties and car insurance policies, health cards for voluntary health insurance policies pertaining to the following year, but payable in advance during the reporting year and left to be allocated on a monthly basis under the current expenses of the following year.

Note 7 OTHER FINANCIAL ASSETS

The company does not hold bank cheques, notes receivables or short-term investments.

Note 8 CASH AND CASH EQUIVALENTS

As at December 31, 2021 and 2020, cash and cash equivalents appear as follows:

(All the amounts are expressed in RON, unless otherwise provided)

	Balance as at 31.12.2021	Balance as at 31.12.2020
Cash at bank	77,339,007	82,888,319
Cash at hand	408,466	301,162
Restricted use cash - SGB	-	-
Very short-term deposits	151,547,000	145,000,000
Other values (letter of credit)	22,425,180	915,447
Total	**251,719,654**	**229,104,928**

As at the closing date of 2021 fiscal year, the company held short-term bank deposits opened with the banks where the company has active accounts (BCR and CEC Bank), pertaining to the amounts in the geological fund intended for technological investments and upgrades.

Note 9 OWN EQUITY

The equity structure comprises:

	Balance as at December 31, 2021	Balance as at December 31, 2020
Statutory share capital (nominal value)	41,050,130	40,936,410
Subscribed capital not paid	-	113,720
Differences from share capital restatement (IAS 29)	27,751,645	27,751,645
Other adjustments to capital (changes to actuarial conditions IAS 19)	(1,003,488)	(2,071,854)
Adjusted share capital	**67,798,287**	**66,729,921**

Changes throughout the 2021 fiscal year:
- the share capital was subscribed in 2020 and fully paid throughout 2021;
- the share capital adjustment following the restatements recorded during the previous years, pursuant to the application of IAS 29 “Financial Reporting in Hyperinflationary Economies”, remains unchanged;
- the changes to actuarial conditions as per IAS 19, in regard to the employee benefits, is the value loss resulted from the actuarial calculation, pertaining to 2021, and supplements the value of own equity with the difference of 1,068,366 lei.

As at December 31, 2021, the Company’s authorised and fully paid share capital is divided into 4,105,013 ordinary shares with a nominal value of 10 RON/share.
The company shareholding structure as at the 2021 fiscal year closing date is unchanged from the previous period:

- the Romanian State, represented by the Ministry of Economy, holding 51% of the share capital as at December 31, 2021;
- Fondul Proprietatea SA, holding 49% of the share capital as at 31.12.2021.

The shareholders are entitled to dividends and each share lends a voting right during the shareholders’ general assemblies.

Revaluation reserve

Reserves originating from the revaluation of tangible assets:

Revaluation reserves	Balance as at 31-dec-21	Balance as at 31-dec-20
Revaluation reserves	59,251,660	67,917,570

(All the amounts are expressed in RON, unless otherwise provided)

Deferred tax linked to the revaluation surplus	(9,480,266)	(10,866,811)
Total	**49,771,394**	**57,050,759**

Other reserves	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Legal reserve	8,210,026	8,187,282
Other reserves	247,411,013	237,276,428
Total	**255,621,039**	**245,463,710**

Other reserves consist in: the legal reserve and the geological research and development fund, the latter being set up using the operating expenses that decrease through the reversed value, on account of the fixed assets financed from this fund. As such, for a clear overview of how this fund is used, the geological reserve has two components, namely: created fund and depleted fund.
For the year 2021, a geological research and development fund was set up for the amount of 19,304,492.67 lei, on account of the operating expenses, whereas the amount of 9,169,907.66 lei was reversed by recording it under operating income accounts, a value that covers the amortisation costs for the assets purchased from this fund.
During the 2020 fiscal year, the amount of 36,540,894 lei was assigned to the Reserves – own funding sources pursuant to a Shareholders' General Assembly decision, whereas the fund did not go through any changes in 2021.

Legal reserve
In 2021, a "Legal reserve" fund was set up for the amount of 22,744 lei, following the share capital increase by 113,720 lei. The legal reserve is created up to the maximum ceiling of 20% of the share capital value.

Balance carried forward and current outturn
The balance carried forward also includes the differences from first-time restating the financial statements in accordance with IFRS (including IAS 29 for the share capital):

	Balance as at 31.12.2021	**Balance as at 31.12.2020**
Outturn not appropriated	76,405,511	22,810,598
Outturn from the first-time application of IFRS	88,740,683	88,740,683
Balance carried forward from IAS 29 – share capital restatement	(27,751,645)	(27,751,645)
Total balance carried forward and current outturn, of which:	**137,394,549**	**83,799,636**
Balance carried forward	77,203,499	72,317,870
Current outturn	60,191,050	11,481,766

The balance carried forward from the first-time adoption of IFRS, minus IAS 29, has the following structure:

	Balance as at 31.12.2021	**Balance as at 31.12.2020**
Balance carried forward from the use of deemed cost as fair value as at the date of transitioning to IFRS	79,958,506	79,958,506
Deferred tax recognised at the first-time application of IFRS, minus IAS 29 – IAS 12	8,782,178	8,782,178
Outturn from the first-time application of IFRS:	**88,740,683**	**88,740,683**

Note 10 LOANS

(All the amounts are expressed in RON, unless otherwise provided)

Short-term loans	**Balance as at 31.12.2021**	**Balance as at 31.12.2020**
Concession – short-term maturity component – Slanic Prahova	12,052	12,052
Concession – short-term maturity component – EM Rm. Vâlcea	87,093	101,121
Rights to use the assets	1,124,113	1,100,858
Total	**1,223,258**	**1,214,031**

Long-term loans	**Balance as at 31.12.2021**	**Balance as at 31.12.2020**
Concession – long-term maturity component – Slanic Prahova	241,040	253,092
Concession – long-term maturity component – EM Rm. Valcea	880,789	949,557
Rights to use the assets – long-term maturity component	91,693	1,215,807
Total	**1,213,522**	**2,418,456**

The company has the following concluded contracts:

- a concession contract for the land used at Unirea tourist mine of Slanic Prahova branch, in effect since 1998 for a 45-year period, payable in equal instalments, to which one will add other expenses represented by the inflation index, and representing overall the fiscal year current expenditure (the remaining value of the contract as at 31.12.2021 is 253,092 lei);

- a concession contract concluded with Ocnele Mari town Mayor's Office, over a 49-year period, representing the concession over the land used for salt exploitation at EM Valcea branch; the annual royalty is 137,325.76 lei, paid on a quarterly basis, whereas the annual royalty adjustment is invoiced in February, for the previous year, and is calculated keeping in mind the index for the "services" category, communicated by NIS (*National Institute for Statistics*), applied on the reference date, namely 01.01.2006, until January 1 of the current year (the remaining value as at 31.12.2021 is 967,882 lei);

- a lease contract for the office space at the Administrative headquarters, concluded in 2020 for a 3-year period (the remaining value as at 31.12.2021 is 1,215,806 lei, of which 1,124,113 lei related to 2022 and 91,693 lei in the long term, as the value for 2023).

Note 11 LIABILITIES

As at December 31, 2021 and 2020, respectively, the Company's short-term liabilities appear as follows:

SHORT-TERM LIABILITIES	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Suppliers and similar accounts	19,831,739	14,025,809
Payables linked to the salaried employees	7,551,997	7,212,408
Tax liabilities	11,796,513	10,021,754
Other short-term liabilities	2,552,696	2,336,262
Total	**41,732,945**	**33,596,233**

SUPPLIERS AND SIMILAR ACCOUNTS

As at December 31, 2021 and 2020, "suppliers and similar accounts" appears as follows:

SUPPLIERS AND SIMILAR ACCOUNTS	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Trade payables	16,079,165	7,578,819

(All the amounts are expressed in RON, unless otherwise provided)

Asset suppliers	1,352,771	4,162,645
Advance payments from customers	2,399,803	2,284,345
Total	**19,831,739**	**14,025,809**

Trade payables represent suppliers present in the balance as at the closure of the 2021 fiscal year. The balance increase by 112% as at 31.12.2021 compared with the previous year is primarily due to the increase of the debt to the salt transportation providers serving customer CNAIR.

PAYABLES LINKED TO THE SALARIED EMPLOYEES

	Balance as at December 31, 2021	Balance as at December 31, 2020
Payables linked to the salaried employees*) – minus IAS 19 – short-term salaried employee benefits	7,551,997	7,212,408
Total	**7,551,997**	**7,212,408**

**) salaried employee benefits < and >1 year (IAS 19) are presented in note 16*

Staff payables comprise current staff-related expenses due for payment in January of the following year (salaries, medical leaves, withholdings from wages due to third parties, amounts due to the staff pursuant to judicial orders, food vouchers, administrator guarantees, medical leaves not taken until the fiscal year closure and other staff expenditure).

Salaried employee benefits due for payment within 1 year, calculated for the implementation of IAS 19, are distinctly presented in the financial statements.

TAX LIABILITIES

Social security taxes and levies comprise the taxes and levies due to the state budget and social security budgets, due for payment in January of the next year.

	Balance as at December 31, 2021	Balance as at December 31, 2020
Social security taxes and levies	9,363,193	7,657,354
VAT payable	702,310	467,998
Mining royalty	1,317,317	1,628,778
Tax on exploitation revenue	240,483	114,209
Packaging waste tax	-	-
Other taxes and duties	163,154	142,773
Other payables to the State Budget	10,056	10,643
Total	**11,796,513**	**10,021,754**

Social security taxes and levies – they represent the fiscal obligations linked to wages (tax and BASS).

Tax liabilities comprise business-specific taxes and duties: the tax on revenues from exploitation pertaining to December (240,483 lei), other taxes and duties (163,154 lei) concern various tax liabilities.

OTHER SHORT-TERM LIABILITIES

(All the amounts are expressed in RON, unless otherwise provided)

	Balance as at December 31, 2021	Balance as at December 31, 2020
Dividends payable	-	-
Sundry creditors	2,499,877	2,320,169
Deferred income < 1 year	52,819	16,093
Total	**2,552,696**	**2,336,262**

The company pays on a yearly basis dividends to shareholders during the year when these are set up as payment obligation approved according to a Shareholders' General Assembly Decision.
"Sundry creditors" is the item that records performance bonds and tender guarantees paid by various partners in order to take part in procurement tenders.

Note 12 LONG-TERM LIABILITIES

Trade and other long-term payables	Balance as at December 31, 2021	Balance as at December 31, 2020
VAT and other tax liabilities – long term	7,536	9,694
Sundry creditors > 1 year	313,687	85,934
Deferred tax	-	3,282,345
Long-term salaried employee benefits (IAS 19)	9,783,417	11,818,379
Total	**10,104,640**	**15,196,352**

Long-term salaried employee benefits are determined through actuarial calculation intended to implement IAS 19, calculation assumptions in the Collective Labour Agreement of SNS and represent the component with maturity in excess of one year.

The net liability changes concerning the defined benefit, for the fiscal year concluded on December 31, 2021 and 2020, are presented in the table below:

	Initial balance	Expense included in the profit and loss account		Actuarial (gains)/losses included in other comprehensive income elements	Final balance
	Jan. 1, 2020	Cost of service	Interest cost	Actuarial changes	31.dec.20
Defined benefit net liability	10,616,723	156,471	472,491	885,636	11,818,379
Total net liability	**10,616,723**	**156,471**	**472,491**	**885,636**	**11,818,379**

	Initial balance	Expense included in the profit and loss account		Actuarial (gains)/losses included in other comprehensive income elements	Final balance
	Jan. 1, 2021	Cost of service	Interest cost	Actuarial changes	31.dec.21
Defined benefit net liability	11,818,379	(1,334,578)	367,982	(1,068,366)	9,783,416
Total net liability	11,818,379	(1,334,578)	367,982	(1,068,366)	9,783,416

(All the amounts are expressed in RON, unless otherwise provided)

The deferred corporate income tax is presented in Note 14.

Note 13 Investment subsidies

<u>Investment subsidies</u>

Investment subsidies	Balance as at December 31, 2021	Balance as at December 31, 2020
Investment subsidies < 1 year	318,346	349,439
Investment subsidies > 1 year	3,217,205	3,495,019
TOTAL	**3,535,551**	**3,844,458**

The highest share belongs to the component of co-financing received from European funds for the investments carried out at Cacica (SOP-IEC), the objective – retrofitting the recrystalised salt plant, for a total remaining amount of 3,535,551 lei (318,346 lei in the short term and 3.217.205 lei in the long term).

Note 14 PAYABLES WITH DEFERRED AND CURRENT CORPORATE INCOME TAX

For the 2021 fiscal year, the data concerning the deferred corporate income tax are presented strictly for comparative purposes in relation to the 2020 fiscal year.

	Balance as at December 31, 2021	Balance as at December 31, 2020
Current tax liabilities	5,552,082	-
Deferred tax liabilities	-	3,282,345
	5,552,082	**3,282,345**

The current tax is a debt payable to the state budget and, as at 31.12.2021, represents the corporate income tax due for Quarter 4 2021, the company having no outstanding liabilities.

	2021	2020
Deferred tax linked to restatement	5,559,455	5,559,455
Deferred tax linked to provisions	2,816,980	1,459,094
Deferred tax linked to impairment adjustments of fixed and current assets	1,289,177	565,917
Deferred tax linked to revaluation reserves	(9,480,266)	(10,866,811)
	185,345	**(3,282,345)**

The **deferred tax** was calculated based on the temporary differences: revaluation differences, provisions for risks and expenditure, for annual leave days not taken throughout 2021, impairment adjustments of tangible assets, tangible assets in progress, inventories, and for customers and sundry debtors.

The calculation of the corporate income tax for 2021, compared with 2020, appears as follows:

(All the amounts are expressed in RON, unless otherwise provided)

	2021	2020
A. ACCOUNTING PROFIT	**73,886,598**	**18,788,657**
A1. Similar revenues	**8,665,910**	**1,544,996**
B. TAX DEDUCTIONS (B1:B5):	**35,733,178**	**45,242,536**
B.1. LEGAL RESERVES (A * 5%)	22,744	-
B.2. NON-TAXABLE INCOME – increase cancellation, collection of debts	2,038,445	4,425,162
B.3. NON-TAXABLE INCOME – carry-over of non-deductible provisions	8,048,429	14,878,909
B.4. TAX AMORTISATION	25,623,560	20,339,727
B.5 REVALUATIONS	-	5,598,738
C. NON-DEDUCTIBLE EXPENSES (C1:C13):	**40,524,725**	**53,801,935**
C.1. LATE-PAYMENT PENALTIES, ADDITIONS	38,901	48,786
C.2. NON-DEDUCTIBLE TRAVEL EXPENSES	75,849	66,900
C.3. FIXED ASSET SCRAPPING COSTS + VAT	444,299	80,434
C.4. MATERIAL SCRAPPING COSTS + VAT	34,226	68,244
C.5. NON-DEDUCTIBLE HOSPITALITY COSTS + VAT	-	-
C.6. ADVERTISING EXPENSES + VAT	-	-
C.7. LOSSES FROM SUNDRY DEBTORS + VAT	-	-
C.8. SPONSORSHIP EXPENSES	-	-
C.9. ACCOUNTING DEPRECIATION COSTS	26,722,378	22,167,776
C.11. OTHER NON-DEDUCTIBLE EXPENSES, VAT-EXCLUSIVE TVA (H.J)	13,043,054	16,894,361
C.12. EXPENSES WITH SOCIAL ACTIVITIES > 5%	-	-
C.13. OTHER NON-DEDUCTIBLE EXPENSES ACC. TO GEO 34/2009	166,018	105,642
C.14 REVALUATION	-	14,369,792
D. TAXABLE PROFIT IN RELATION TO LOSSES (A-B+C)	**87,344,055**	**28,893,052**
E. TAX PROFIT TO BE CARRIED FORWARD	0	151,668
F. TAXABLE PROFIT (D-E):	**87,344,055**	**29,044,720**
G. CORPORATE INCOME TAX (F*16%):	**13,975,049**	**4,647,155**
H. ALLOWANCE ACC. TO GEO 153/2020, ART. (A)	**279,501**	**0**
I. ALOWANCES		**(227,741)**
J. CORPORATE INCOME TAX (G-H)	**13,695,548**	**4,419,414**

The final balance of corporate income tax as at 31.12.2021 is 5,552,082 lei and represents a payable to the state budget.

Compared with the previous year, the corporate income tax calculation was marked by significant value increases of capital elements similar to revenues as a result of the revaluation performed at the end of 2020, which led to the revaluation surplus taxation through the amortisation of the revaluated fixed assets.

Non-taxable revenues include write-offs of provisions for risks and expenditure, of impairment adjustments for fixed and current assets that were no longer useful, the write-off of a budget claim following the score in a payments statement issued by NAFA.

Other non-deductible expenses include: **a)** provisions for risks and expenditure in relation to commercial disputes, labour disputes with salaried employees, the fund for the salaried employees' share in the current year's profits, the payment of which is made the following year upon meeting the legal requirements, compensations granted to the former owners in the areas affected by the mining exploitation activities at Râmnicu Vâlcea branch; **b)** impairment adjustments of current assets (inventories, customers and sundry debtors) and fixed assets (tangible assets with year-end partial value left to be amortised and displaying significant wear and tear, for which the decommissioning process is scheduled to start, as well as those that are under preservation or outside the site perimeter); c) costs with the provision for post-employment benefits as per IAS 19.

(All the amounts are expressed in RON, unless otherwise provided)

Note 15 PROVISIONS

Note 15.1 SHORT-TERM PROVISIONS

Status of short-term provisions:	**Balance as at December 31, 2021**	**Balance as at December 31, 2020**
Provisions for litigations, compensations and similar items – short term	12,665,873	1,857,747
Other provisions – short term	2,888,041	5,484,686
Total	**15,553,915**	**7,342,433**

Details on provision-related transfers for 2021:

Provision designation	Balance as at January 1, 2021	Carry-overs	Set-ups	Balance as at December 31, 2021
1. Provisions for litigations	**2,837,693**	**1,854,351**	**8,370,903**	**9.354,245**
Labour disputes pending before law courts on the matter of changing the work category type at Bistrita Quarry, Vâlcea county, payment for overtime, etc.;	521,639	521,639	748,541	748,541
Provision for payments to third parties, suppliers with which the company has lawsuits pending before law courts	2,316,054	1,332,712	7,622,362	8,605,704
2. Provisions for environmental works and indemnifications	**2,854,322**	**-**	**457,306**	**3,311,628**
Indemnifications in relation to E.M. Râmnicu Vâlcea, at Bistrita Quarry	2,854,322	-	457,306	3,311,628
2. Provisions for the salaried employees' share in the profit	**1,456,413**	**1,456,413**	**2,757,000**	**2,757,000**
4. Provision – the variable component (GO 109/2011), administrators and general manager	**194,005**	**62,964**	**-**	**131,041**
Total general	**7,342,433**	**3,373,728**	**11,585,209**	**15,553,915**

At the closure of the 2021 fiscal year, the company performed a review of the provisions set up during the previous years, pursuant to which it made decisions in terms of either setting up new provisions or decreasing the value of current ones.

(All the amounts are expressed in RON, unless otherwise provided)

The **provision for labour disputes, amounting to 748,541 lei,** concerns the disputes with the salaried employees on granting certain rights in regard to the accurate work category type, ascertaining discrimination cases, payments for overtime worked over the past three years, etc.

The **provision for litigations regarding payments to third parties:** as at the fiscal year end, there were provisions set up for the amount of 7,622,362 lei, intended primarily for the litigations, pending before law courts, with CNAIR (2,833,548 lei) and with the co-owner of the real estate property located on Victoriei avenue (4,777,592 lei). Both litigations are presented in detail in Note 25.5, Litigations. The carry-over of provisions concerns case files favourably settled in court, as such provisions no longer meet the recognition requirements.

Provisions for setting up the profit-sharing fund: the provision set up for the salaried employees' share in the profit is calculated pursuant to the provisions in the legislation applicable to majority or fully state-owned companies and in the Collective Labour Agreement, namely by applying no more than 10% of the net profit, however, without exceeding the legal ceiling of a company-specific average wage, set forth as per a Minister of Public Finance Order.
In 2021, the amount of 1,275,752 lei was paid in relation to 2020, whereas for 2021 a provision was set up for the amount of 2,757,000 lei, similar to the one approved in the Income and expenditure budget pertaining to 2021 according to a GD.

Provisions for indemnifications payable to former owners of real estate properties present on areas subject to exploitation - these consist in an assessment of the indemnifications payable to owners affected by the exploitation activities of E.M. Ramnicu Valcea branch. In 2021, new lawsuits were filed, currently pending, which is why the company supplemented the provision up to the amount of 3,311,628 lei.

Provision for the "administrators and general manager" variable component: it consists in variable components for the general manager and the Management Board members: 73,357 lei as the variable component pertaining to 2018 (the general manager) and 57,684 lei as the variable component pertaining to Quarter 1 2020, set forth as per SGA Decision no. 19/02.11.2021 (the Management Board members).

Note 15.2 LONG-TERM PROVISIONS

	Balance as at December 31, 2021	**Balance as at December 31, 2020**
Provisions for the decommissioning of tangible assets	16,457,331	16,457,331
Provisions for the decommissioning of tangible assets - long term > 1 year	16,457,331	16,457,331

The provision for the dismantling and assembly of certain tangible assets, as well as for site restoration (PIIA), amounts to 16,457,331 lei.

The legal basis of this provision is Joint Order no. 202/2881/2348 din 2013 of NAMR / MECC (*Ministry of Environment and Climate Change*) / ME (*Ministry of Economy*).

At the 20221 fiscal year closure, the value of the provision for environmental reclamation costs remained unchanged.
The tax status of this provision entails it being subject to amortisation during the use period of the exploitation licences, whereas the related deductible expense is set forth pursuant to the Fiscal Code within 1% of the current fiscal year's operating profit/loss.

(All the amounts are expressed in RON, unless otherwise provided)

Note 16 EMPLOYEE BENEFITS

The employee benefits were determined using an actuarial calculation based on CLA assumptions:

	Balance as at December 31, 2021	Balance as at December 31, 2020
Salaried employees' benefits < 1 year	11,222,221	10,231,597
Payables linked to the salaried employees > 1 year	9,783,417	11,818,379
Total IAS 19	**21,005,638**	**22,049,976**

Salaried employee benefits are determined through actuarial calculation and calculation assumptions in the Collective Labour Agreement (CLA). The updated value of the defined benefit liabilities and of the cost of current related services was determined using the Projected Unit Credit Method. The benefits for which provisions were set up are:

- short-term benefits representing loyalty premiums granted on an annual basis to the salaried employees according to the CLA provisions;
- post-employment benefits representing the amounts payable by the company upon employee retirement, as per the CLA provisions.

Note 17 NUMBER OF EMPLOYEES AND MANAGEMENT

Information concerning the salaried employees:

The structure of the current personnel of Societatea Naţională a Sării S.A. as at December 31, 2021 and December 31, 2020, respectively, by professional category, is the following:

Personnel categories	December 31, 2021	December 31, 2020
TESA (*technical, clerical and administrative*) personnel	379	386
Workers: of which	1,078	1,121
working underground	481	498
Total employees	**1,457**	**1,507**

Information concerning the company management

During the 20.07.2020 - 08.04.2021 period, the general manager position was held by Mr Constantin-Catalin Radu, appointed as per Management Board Decisions no. 17/16.07.2020 and 2/18.02.2021.

During the 09.04.2021 - 07.06.2021 period, the general manager position was held by Mrs Mantu Gabriela Izabela, appointed as per Decision no. 11/09.04.2021.

During the 08.06.2021 – 08.12.2021 period, the general manager position was held by Mrs Prahoveanu Alina, appointed as per Decision no. 18/04.06.2021.

At the closure of the 2021 fiscal year, the general manager position was held by Mr Militaru Emil, effective as of 09.12.2021, as per Management Board Decision no. 34/02.12.2021, their mandate being issued for the 09.12.2021 - 09.04.2022 period.

Remunerations of the general manager and the SGA and MB members:

In 2021, according to the contracts of mandate, the company's administrators benefitted from a remuneration in the form of a monthly gross fixed allowance the amount of which was set forth as per the SGA Decisions appointing the administrators. The contracts of mandate valid for 2021 did not include the variable component since the administrators had been provisionally appointed for 4-month periods, subject to a 2-month extension.

(All the amounts are expressed in RON, unless otherwise provided)

The SGA members do not benefit from any remuneration for the Company.

The number of the members in the Shareholders' General Assembly and the Management Board:
- the shareholders' representatives in SGA – 2, pursuant to the mandates granted by the shareholders
- MB members – 5 members, acc. to the provisions in the company's Article of Incorporation

Throughout 2021, none of the company's salaried employees was granted salary advances and loans. The company does not have contractual obligations to pay pensions to former directors or administrators.

For 2021, a provision amounting to 131,041 lei was kept, representing variable components for the general manager and the Management Board members: 73,357 lei as a variable component for 2018 (the general manager) and 57,684 lei as a variable component for Quarter 1 2020, set forth as per SGA Decision no. 19/02.11.2021 (the Management Board members).

Note 18.1 REVENUES

The revenues from sales include the following elements:

	For the fiscal year concluded on:	
Revenues from sales	**December 31, 2021**	**December 31, 2020**
Revenues from sales of finished products	312,535,400	214,301,679
Revenues from sales of residual products	633,854	195,436
Revenues from other works and services rendered	863,782	601,359
Revenues from sales of goods	27,657,101	23,821,658
Revenues from tourist services	27,403,773	15,069,822
Revenues from brine pipeline transportation	2,291,170	2,205,226
Revenues from sundry activities	452,230	220,312
Commercial discounts	(7,069,867)	(5,302,435)
Total	**364,767,443**	**251.113.057**

The revenues achieved in 2021 were obtained from sales, carried out on the domestic and foreign markets, of company products (salt, limestone), from tourist activities and other business operations such as various transportation, repair, calliper log measurement, etc. services rendered.

The highest share within the turnover structure, achieved from sales of salt-based and non-metalliferous products belongs to revenues from sales of rock salt for snow clearance, with approx. 38.60%, followed by salt for the chemical industry, with approx. 23.90%.

Societatea Națională a Sării - S.A. manufactures and sells the following main groups of products: salt (rock salt, brine or liquid and recrystalised), limestone and other non-metalliferous products, salt-based products (tablets, salt & spice mixes, food additives, bath salt, etc).

Besides these products, the company carries out complementary activities, as follows:
- tourist activities;
- retail and wholesale trade;

as well as

(All the amounts are expressed in RON, unless otherwise provided)

- spare part manufacture and repairs;
- environmental protection;
- other services required to fulfil its core business.

In the accounting records, the turnover is reflected as follows:

- Revenues from finished products, broken down into salt brine, rock salt and recrystalised salt, micro-production;
- Revenues from residual products;
- Revenues from services rendered, sales of goods and other revenues from related activities.

The tourism business (approx. 9.9% of turnover) comprises retail sales in bars, restaurants, swimming pools, leisure activities.

Throughout 2021, as well as 2020, the Company sold finished products from a warehouse assigned to the main headquarters (the "headquarters" branch), received via transfers from the manufacturing branches in order to be sold.
At the time of transferring the stocks of finished products from the manufacturing branch inventories to the Headquarters warehouse inventories, these were taken over as goods.

Upon their sale from the warehouse, they were recorded as revenues from sales of goods, although, in essence, they are revenues from sales of finished products. In order to accurately present the nature of the revenues from sales, we are presenting below the impact of the reclassification adjustments that would be required to rectify the accounting records:

	Revenues from sales of finished products	**Revenues from sales of goods**
2021		
Revenues recorded by the Company	312,535,400	27,657,101
Revenue corrections by type	*20,196,651*	*(20,196,651)*
Adjusted revenues	**332,732,051**	**7,460,450**

	Revenues from sales of finished products	**Revenues from sales of goods**
2020		
Revenues recorded by the Company	214,301,679	23,821,658
Revenue corrections by type	*18,768,167*	*(18,768,167)*
Adjusted revenues	**233,069,847**	**5,053,491**

The table below presents the impact of the reclassification adjustments that would be required to correct the accounting records and accurately present the nature of costs to remove from inventory:

2021	**Changes in inventories: revenue/(expense)**	**Expenses with goods**
Expenses recorded by the Company	2,363,737	(14,768,704)
Expense corrections by type	*(10,052,219)*	*10,052,219*
Adjusted expenses	**(7,688,482)**	**(4,716,485)**

2020	**Changes in inventories: revenue/(expense)**	**Expenses with goods**

Expenses recorded by the Company	27,963,980	(13,027,769)
Expense corrections by type	*(10,851,308)*	*10,851,308*
Adjusted expenses	**(17,112,672)**	**(2,176,461)**

NOTE 18.2 REVENUES PERTAINING TO COSTS WITH PRODUCTION IN PROGRESS

At the closure of the 2021 fiscal year, changes in inventories presented a significant decrease compared with the previous year.

	December 31, 2021	December 31, 2020
Changes in inventories	2,363,737	27,963,980

NOTE 19 OPERATIONAL EXPENDITURE

EXPENSES WITH RAW MATERIALS, CONSUMABLES AND GOODS

The expenses with raw materials, consumables and goods have the following composition:

	for the year concluded on	
Expenses with raw materials, consumables and goods	**December 31, 2021**	**December 31, 2020**
Expenses with raw materials	(1,481,831)	(965,228)
Expenses with auxiliary materials	(8,607,730)	(8,846,101)
Fuel expenses	(6,481,865)	(5,401,674)
Expenses with packaging materials	(5,933,559)	(5,163,712)
Expenses with spare parts	(2,420,541)	(2,833,768)
Expenses with other consumables	(673,100)	(784,671)
Expenses with inventory items	(1,285,897)	(974,985)
Expenses with non-stocked materials	(21,711)	(23,473)
Expenses with goods	(14,768,704)	(13,027,769)
Packaging expenses	(2,285,508)	(1,713,396)
Commercial discounts received	41,160	23,675
Total	**(43,919,284)**	**(39,711,102)**

	for the year concluded on	
Staff expenditure	**December 31, 2021**	**December 31, 2020**
Salary costs	(107,349,836)	(103,521,066)
Salary costs – judicial orders	(307,577)	(869,085)
Expenses with food vouchers and holiday vouchers – salaried employees	(9,742,765)	(8,095,415)
Expenses with the salaried employees' share in the profit	(1,275,752)	(3,873,999)
Reversal of 2020 provision for the salaried employees' share in the profit	3,373,728	4,239,000
Social security and welfare costs	(14,629,238)	(13,832,011)

(All the amounts are expressed in RON, unless otherwise provided)

Expenses with severance payments to laid off personnel		(7,245,000)
Expenses with salaried employee benefits as per IAS 19	343,954	(503,509)
Revenues from provisions – salaried employees		7,775,558
Salary costs – technical unemployment	(2,981)	(490,885)
Total	**(129,590,466)**	**(126,781,413)**

For the "Expenses with food vouchers – salaried employees" row, the company took into account the holiday vouchers pertaining to 2021, amounting to 3,766,570 lei.

	for the year concluded on:	
Amortisation and value adjustments	**December 31, 2021**	**December 31, 2020**
Amortisation costs	(26,722,378)	(22,167,776)
Value adjustments (expenses) linked to tangible and intangible assets	(377,000)	(1,665,973)
Value adjustments (revenues) linked to tangible and intangible assets	1,787,712	665,868
Revenues from investment subsidies	9,495,852	7,078,347
Amortisation costs – assets under lease	(1,137,798)	(953,509)
	(16,953,612)	**(17,043,043)**

The rights and obligations deriving from the concession and lease contracts are reclassified as of 2019, under "rights to use the assets" (in 2019, the concession contract between Ocnele Mari town Mayor's Office and SNS SA – Mining Site branch and, as of 2020, the lease contract for headquarters space) for compliance with IFRS 16.

Note 20 SALES BY SEGMENT AND CUSTOMER

1. Assessment of the sales of products and services

The company is organised, according to the business activities it carries out, based on two revenue-generating hubs: sales of salt-based products and other non-metalliferous products (limestone), representing 90.74% of the turnover, and the tourist activity (9.87% of the turnover).

The product marketing activity is conducted both at an administrative headquarters level and within the branches, with clear distinctions between duties in terms of customer management. As such, the sales workforce at the administrative headquarters conclude "key account" contracts with external and internal customers (including the retail networks, the large companies, etc.), with chemical compounds, CNAIR, and also handles the organisation and operation of its own salt deposit. Concluding contracts with, and selling products to, other categories of domestic customers are carried out by the sales specialists within the branches, who cover territorial customers.

Share of products and services, by category, within the total turnover

The highest share within the turnover structure, achieved from sales of salt-based and non-metalliferous products belongs to revenues from sales of rock salt for snow clearance, with approx. 38.60%, followed by salt for the chemical industry, with approx. 23.90%.

(All the amounts are expressed in RON, unless otherwise provided)

The revenues obtained from sales of rock salt for snow clearance increased by approx. 114% (+75,079 thsnd. lei compared to the previous year), whereas those from sales of salt for the chemical industry increased in 2021 by more than 12.9% (+10.022 thsnd. lei compared with 2020).

On the **domestic market**, the company delivers food-grade salt for direct human consumption and for the food industry, salt brine and limestone for the chemical industry, lumps and blocks for the livestock industry, water softening tablets, industrial salt for snow clearance. Revenues in 2021 increased by more than 61% primarily due to the large volume of salt for snow clearance sold.

On the **foreign market**, there was a 12% increase of revenues from sales of salt, due to the increase in industrial salt volumes sold to Borsodchem chemical compound, the largest beneficiary on the foreign market and, at the same time, due to the increase of export sales prices for all the salt-based products. The foreign market was provided by traditional customers in Hungary, Serbia, Slovakia, Bulgaria and the Republic of Moldova, whereas small quantities were exported to other countries, as well, such as Austria and Israel.
The distribution of these products is done through the company's retail warehouses and the branches' sales departments.

Sales figures in 2021 witnessed increases compared with 2020:

- salt brine and limestone generated a revenue increase by 7,425 thsnd. lei pertaining to these two business lines;
- salt for snow clearance generated a revenue increase by 75,079 thsnd. lei.

Salt for the chemical industry in 2021 vs 2020 provided a 6% quantitative increase, and a 12% value increase, respectively, determined by the quantitative increase and the contract price increase.

Evolution of SNS sales during the 2020-2021 period

The evolution of the quantity of delivered products and of sales revenues, achieved by the company during the 2020-2021 period, is presented in the table below:

Indicator	UM	2020	2021	(%)
Quantity of delivered products, of which:	t	1,453,639	1,835,712	26.28%
- the domestic market	t	1,017,368	1,379,779	35.52%
- the foreign market	t	436,271	455,933	4.5%
Value of delivered products, of which:	thsnd. lei	230,889	331,227	43.46%
- the domestic market	thsnd. lei	146,922	237,151	61.41%
- the foreign market	thsnd. lei	83,967	94,076	12.04%

The comparative statement of revenues obtained from sales of the main groups of products appears as follows:

	Value (thsnd. lei)			**Quantities (tons)**		
	2020	**2021**	**%**	**2020**	**2021**	**%**
TOTAL - of which:	**230,889**	**331,227**	**43,46 %**	**1,453,639**	**1,835,712**	**26.28 %**

(All the amounts are expressed in RON, unless otherwise provided)

LIMESTONE	9,681	14,299	47.7 %	348,024	447,219	28.50 %
SALT BRINE	16,521	19,328	16.99 %	311,556	325,078	4.34 %
SALT FOR SNOW CLEARANCE	65,806	140,885	114 %	251,163	500,659	99.34 %
ROCK SALT FOR THE CHEMICAL INDUSTRY	77,348	87,370	12.96 %	402,455	426,742	6.03 %
OTHERS	61,533	69,344	12.69 %	140,441	136,014	3.15 %

The tourism business

The total revenues (36,014 thsnd. lei) from the tourism business (tourist services and sales of goods) witnessed in 2021 an increase by 84.5% compared with the previous year (19.523 thsnd. lei), a value directly proportional to the number of entries (visits) which, in turn, increased by 69.4%, namely 1,201 thsnd. entries as opposed to 709 thsnd. entries recorded in 2020.

The share of tourism business revenues within the company's turnover reached in 2021 the figure of 9.87% compared with 7.77% in 2020.

The expenses pertaining to the tourism business, amounting to 29,775 thsnd. lei, were 27.6% higher than those achieved the previous year (23,334 thsnd. lei), whereas the gross profit reached in 2021 6,239 thsnd. lei.

Note 21 OTHER OPERATING INCOME

	for the year concluded on:	
Other operating income	**December 31, 2021**	**December 31, 2020**
Revenues from royalties and leases	164,061	147,477
Revenues from operating subsidies – technical unemployment	15,894	726,036
Revenues from the revaluation of tangible assets	0	5,598,738
Revenues from indemnifications, fines and penalties	232,908	145,331
Revenues from sales of assets and other capital operations	18,525	13,801
Adjustments linked to provisions (revenues)	0	1,626,787
Other operating income	2,225,092	4,909,130
Total	**2,656,480**	**13,167,300**

Other operating income is below the figure achieved in 2020 due to the fact that, the previous year, the "Other operating income" item included the amount of 4,419,411 lei, as the component from the value returned by NAFA and initially recognised under fiscally non-deductible expenses.

Note 22 OTHER OPERATING EXPENSES

Other operating expenses include the following elements:

	For the year concluded on:	
	December 31, 2021	**December 31, 2020**
Energy and water costs	(11,979,681)	(10,999,754)
Maintenance and repair costs	(1,747,338)	(1,520,014)
Expenses with leases, rentals and royalties	(335,552)	(551,959)
Mining royalty costs	(6,914,035)	(6,366,524)
Expenses with insurance premiums	(253,139)	(178,040)

(All the amounts are expressed in RON, unless otherwise provided)

Expenses with surveys and research	(229,969)	(49,600)
Professional training costs	(96,674)	(138,551)
Expenses with commissions and fees	(72,624)	(9,485)
Advertising expenses	(26,537)	(32,309)
Externally contracted manpower costs	0	(2,649)
Hospitality expenses	(52,522)	(41,391)
Product and passenger transportation costs	(47,052,429)	(32,847,910)
Travel expenses	(636,062)	(457,280)
Postage costs	(490,650)	(488,357)
Expenses with banking services	(292,711)	(240,196)
Other costs with third-party services	(8,977,942)	(9,096,749)
Security expenses	(3,777,041)	(3,966,545)
Computer technology maintenance and operation costs	(137,079)	(151,325)
Expenses with real estate revaluation services rendered	(125,000)	(6,000)
Expenses with advertisements	(13,218)	(11,196)
Expenses with customs formalities	(12,175)	(13,431)
Expenses with other taxes and duties	(3,794,680)	(3,374,841)
Expenses with the revaluation of tangible assets	(58,000)	(14,369,792)
Environmental protection costs	(30)	(21)
Expenses with additions and penalties	(51,020)	(49,860)
Sponsorship costs		-
Expenses with fixed assets	(373,360)	(92,151)
Geological fund set-up costs	(19,304,493)	(13,450,296)
Expenses with SNS overhead rate	0	(10)
Other operating expenses	(361,731)	(234,147)
Value adjustments (expenses) linked to receivables	0	(85,284)
Value adjustments (revenues) linked to receivables	4,146,904	(9,655,982)
Losses from receivables and sundry debtors	0	(8,718,972)
Value adjustments (expenses) linked to inventories	(263,320)	(477,847)
Value adjustments (revenues) linked to inventories		-
Adjustments linked to provisions (expenses)	(11,585,210)	(3,755,755)
Foreign exchange differences (expenses)	(252,998)	(528,433)
Foreign exchange differences (revenues)	1,190,606	1,854,892
TOTAL	**(113,929,709)**	**(100,795,799)**

Note 23 FINANCIAL ACTIVITY OUTTURN

	For the year concluded on:	
	December 31, 2021	December 31, 2020
<u>Financial outturn</u>		
Interest income	2,160,977	2,245,573

(All the amounts are expressed in RON, unless otherwise provided)

Interest expenses	(462,312)	(579,637)
Other financial income	12,468	9,565
Other financial expenses	3,309	(0)
Total	**1,714,441**	**1,675,502**

Note 24 FISCAL LEGISLATIVE FRAMEWORK

The taxation system in Romania is undergoing a process of consolidation and harmonisation with the European legislation. In this respect, there still are different interpretations of the fiscal legislation. In certain cases, tax authorities may treat certain aspects differently, choosing to calculate additional taxes and duties, with their related late payment interest and penalties.

The risks inherent generated by taxes and other tax liabilities originate from the status of the perpetual, and sometimes contradictory, fiscal changes, but also from the interpretations to the tax legislation provided by the auditing bodies in order to collect more taxes to the state budget, the social security budget or the local budgets.

As of January 2016, the interest level decreased from 0.03% per day of payment delay to 0.02%; likewise, the penalties decreased from the previous value of 0.02% to 0.01% per day of delay. Additionally, the year 2016 also marked the introduction of penalties for failure to disclose, amounting to 0.08% per day.

The company management consider they have properly filed all of their tax returns based on the enclosed financial statements; there is, however, the risk that the tax authorities will reach a different conclusion in terms of interpreting these matters. Its impact could not be determined to this date, but it is believed there will be no material effects across the Company’s financial position and outturn.

In accordance with the provisions set forth by the Ministry of Public Finance on the taxation of share capital elements (meaning the reserves) which are not subject to the corporate income tax calculation as at their due date, if the Company chooses to change in the future the intended use of these reserves, e.g., revaluation reserves (distribution to the shareholders in the form of dividends), this will lead to additional corporate income tax costs.

Note 25 COMMITMENTS AND CONDITIONALITIES

Note 25.1 COMMITMENTS

The company does not have any concluded contracts that would generate significant cash outflows or would include clauses with major obligations in the future or would generate subsequent contracts of obligations.

Note 25.2 GUARANTEES RECEIVED/GRANTED

Property encumbered by guarantees (mortgages, security interests, collaterals)
As at December 31, 2021, the company does not have any property encumbered by guarantees (mortgages, pledges or other types of similar guarantees on fixed assets, receivables or inventories) in favour of banks due to the fact that no loans were committed to the exploitation and investment activities.

Guarantees received
The guarantees received concern performance bonds, tender guarantees and a concession related to Slanic Salt works.

Cash Collaterals
On 27.01.2021, the company concluded with CNAIR S.A. contract no. 92/6403, pursuant to which it had to take out a performance bond, amounting to 11,520,000 lei, issued by BCR and valid until 28.02.2022.

Note 25.3 ENVIRONMENTAL CONDITIONALITIES

The company carriers out mineral resource extractions within locations delimited by the licences (salt and limestone mines or brine extraction drills) and, upon the completion of exploitation works, it carries out mine shutdowns, the reclamation and greening of the affected areas, as well as follow-up.

By branch, the environmental obligations relate to:

Ocna Dej Salt works - the environmental protection activity is regulated in accordance with Environmental permit no. 213/25.11.2019 (annual endorsement issued as per Cluj EPA (*Environmental Protection Agency*) Decision no. 691/20.09.2021) and Water Rights Permit no. 14/CJ/04.04.2019 (valid until 04.04.2022), documents issued by the environmental authorities, in accordance with the legislation and regulations in force.
The environmental works scheduled and executed in 2021 at Ocna Dej Salt works are:
- excavation filling and water management works, revegetation works and the monitoring of restoration works;
- the monitoring of environmental factors, services, trainings, the environmental fund fee, waste disposal.

Praid Salt works - the environmental protection activity is regulated in accordance with Environmental permit no. 179/23.11.2011, revised on 16.11.2020 and 23.11.2021 (valid over the entire period for which the beneficiary obtains the annual endorsement), and Water Rights Permit no. 408/01.11.2019 (valid until la 01.11.2024), documents issued by the relevant authorities, in accordance with the legislation and regulations in force.
The environmental works carried out at Praid Salt works in 2021 are primarily represented by:
- old premises waterproofing works – elimination of suffosion gaps, cleaning of drains and related drainage works, setting up the Varga and Saros drainage tunnels (deposit protection), foundation strengthening for Joseph pit roof, maintenance of guard ditch around Elisabeta pit;
- running chemical tests on water samples with assistance from a certified laboratory - S.C. Wessling Romania Tg. Mures;
- injection works inside the tilted tunnel and the Gida basin area;
- rehabilitation of the traffic compartment up to the balconies of old mine Paralela, inside Ghe. Doja pit;
- rehabilitation of Telegdy air pit.

Cacica Salt works – in 2021, the environmental protection activity was carried out according to Environmental permit no. 392/30.08.2011, revised at 21.04.2016 (valid for 10 years, until 30.08.2021), as well as to Water Rights Permits no. 172/19.11.2020, valid until 19.11.2025 and no. 173/19.11.2020, valid until 19.11.2025.
The environmental works carried out at Cacica Salt works in 2021:

- upgrades to the service networks supplying water to the drills;
- technical valuation and technical design for "Provision of purified brine inventory aimed at avoiding soil contamination" - Vas TK 204.

Slanic Salt works - the environmental protection activity is regulated in accordance with Environmental permit no. 104/05.06.2019, revised on 13.11.2019 and 24.04.2020, valid until 05.06.2024, and Water Rights Permit no. 212/18.10.2019, valid until 31.10.2021. Later on, a new water rights permit was issued, no. 200/02.11.2011, valid until 31.10.2024.
Slanic Salt works made in 2021 environmental expenses for:
- environmental review (wastewater, burnt gases, particulate matter, noise);
- water management services;
- sanitation services;
- water rights / environmental permit review / approval.
- planting saplings.

Targu Ocna Salt works – in 2021, the environmental protection activity was regulated as follows:
- At Fetele Tarhului Perimeter – rock salt extraction: according to Environmental permit no. 211/25.11.2020, annual endorsement issued as per Bacau EPA Decision nr. 483/11.10.2021;
- At Gura Slanic Perimeter – salt brine: according to Permit no. 61/04.03.2011, valid until 04.03.2021, later on permit no. 51/08.04.2021 being issued, valid over the entire period for which the beneficiary obtains the annual endorsement.
- Water Rights Permit no. 7/15.01.2019 is a joint document for both exploitation perimeters and valid until 15.01.2022.

The environmental works carried out in 2021 are primarily focused on:
- The draining of the waters accumulated in Moldova Veche Mine;
- Following-up on the instability phenomena associated to the exploitation of Fetele Targului deposit – Trotus Mine. Measures to mitigate said phenomena and to facilitate the safe performance of deposit exploitation activities for both the workers and the work equipment;
- The performance of stack emission measurements at Tg. Ocna Salt works heating plant, for: Sox, Nox, O2;
- Fencing rebuilding in the Ocnele Vechi area;
- Maintenance, repair and development works for the surface water collection and draining system (canals, gutters, trenches);
- Monitoring the quality indicators of the wastewater discharged into the urban sewage network;
- The performance of calliper log measurements on the drills;
- The maintenance and cleaning of access roads, work platforms of drills and their fencing;
- Running laboratory tests on the waters in the three hydro-monitoring drillings, upstream and downstream from the field of drills along Slanic rivulet and Trotus river: chlorides, extractible substances, hydrogen sulfide, sulphates, calcium, sodium, pH, filtration residue and sulphides;
- Monitoring Burlacu Pit by means of a bathymetry survey;
- Following-up on the instability phenomena associated to the exploitation of Gura Slanic deposit by means of high-precision topographic survey. Taking notes in the register on the presence of all the changes occurred in the surface layout.

Rm. Valcea Mining site - the environmental protection activity is regulated in accordance with the following environmental permits:
- Traistari volcanic tuffs Sector – Environmental permit no. 236/25.11.2011 valid until: 24.11.2021.

- Ocnele Mari Salt works – Environmental permit no. 87/08.06.2020 (annual endorsement issued as per Valcea EPA Decision no. 236/14.06.2021).
- Bistrita limestone quarry: Environmental permit no. 67/23.05.2019, revised on 15.12.2020, valid over the entire period for which the beneficiary obtains the annual endorsement (annual endorsement issued as per Valcea EPA Decision nr.108/16.03.2021).
- Ocnita – Lunca brine Sector – Fields of Drills III and IV and Ocnita - Lunca Machine Shop – Environmental permit no. 109/05.08.2019, valid until: 04.08.2024 (annual endorsement issued as per Valcea EPA Decision nr.225/09.06.2021).

The main environmental works carried out at EM Rm. Valcea consisted in:
- The monitoring of environmental factors on Bistrita Sector and Ocnele Mari Sector;
- Investigations based on calliper log measurements at Field III and Field IV of drills – Ocnita Lunca Sector.

Ocna Mures Salt works - given the fact that the salt works are subject to temporary winding-up, Alba Environmental Protection Agency ascertained that the activities pertaining to the CNAE codes for which certification has been requested no longer take place at present, thus setting forth that the permit be reissued at the time of resuming business (Alba EPA Notice no. 7847/16.07.2019).

Environmental works carried out at Ocna Mures Salt works in 2021:
- Maintaining the level of lakes at +254 m through pumping (Cosbuc pump and Drill S104 pump)
- Following-up, by means of topographic surveys, the deformations of the surface within the decisive perimeter of underground excavation - Ocna Mures perimeter
- Laboratory tests on the water from S208 and S209 hydro-monitoring drillings
- Follow-up via topographic surveys of the area adjacent to the failure cone caused in 2010 at Ocna Mures.

Throughout 2021, an environmental impact event took place at Cacica Salt works Branch, which was issued a civil penalty by the “Romanian Waters” National Administration, Siret Water Basin Administration and Suceava WMS (*Water Management System*), in the form of a 35,000-lei fine, subject to the payment, within 15 days, of 17,500 lei, representing half the fine amount, in accordance with Contravention findings and penalizing record series ANAR no. 0011568/25.10.2021.

Details on the environmental event: Following an accidental leak of wastewater resulted from the preparation (drain-off – condensation) activities at the recrystalized salt preparation facility, through a valve fitted to the pipeline through which the waters resulted from technological processing are pumped to the exploitation drills, the Suceava WMS representatives conducted an on-the-spot inspection on 20.10.2021. The water leaked from the condensing pipe was discharged in a ditch and subsequently in Soloneț rivulet bed. The salt works representatives identified the causes of the discharge, which consisted in a damaged connecting piece – a crack-up – inside the pipeline. Since the malfunction found could only be remedied by replacing the respective section, Cacica Salt works took the step of halting the production process in order not to worsen the conditions and to lower saline water pollution. Due to the fact that the plant was shut down as a result of a failure, without any prior preparation, as stated in the technological procedure, the wastewater could no longer be pumped towards the extraction drills, which caused the collection header to fill and discharge a small amount of fluid into the rainwater and household water collection system, as also ascertained by the inspection bodies.
The representatives of Siret ABA (*Water Basin Administration*) – Suceava WMS collected water samples from Soloneț rivulet and Suceava river to measure pollutant concentrations in the watercourses. Excess concentrations were identified for chlorides and sulphates, however, with no fish mortality detected.

Measures were identified and implemented to prevent the occurrence of similar events, these being:
- permanent monitoring, through regular verifications, of the drain-off – condensation line during operation;
- replacement of column sections along the salt brine pipeline (drain-off – condensation, brine). It represents an investment objective Cacica Salt works have planned for 2022, being included in the Investment Program for the ongoing year.

Note 25.4 ONEROUS CONTRACTS

An onerous contract is a contract in the case of which the mandatory costs to fulfil the contractual obligations exceed the economic benefits that are to be obtained under it. These mandatory costs reflect at least the net cost of opting out of the contract, which represents the lower between the cost of performing the contract and any compensation or penalties resulted from the failure to fulfil it.

Based on the audit reports drawn up by the Court of Accounts, the records showed a number of onerous contracts, the auditors taking the measures of expanding the audit to cover additional contracts concluded throughout the audited periods, determining the possible losses caused and identifying the persons culpable for their occurrence. The CCR (*Romanian Court of Accounts*) findings were challenged in court, no judicial order having been delivered thus far. Considering that the measures ordered in the audit reports are enforceable and no stay of execution could be obtained, the company is in the process of implementing the ordered measures.

Note 25.5 LITIGATIONS

The company, acting as defendant, is a party to litigations on matters such as employee claims concerning inclusion in the accurate work category type, granting salary entitlements for overtime worked in the tourism business (Slanic Salt works), petition filed for claims by land and household owners affected by mining exploitations.
There are also litigations in which the company acts as plaintiff, commercial litigations on matters such as the collections of receivables, labour disputes on amounts credited against employees pursuant to inspections conducted by state bodies, some of the lawsuits having been won by current or former salaried employees, whereas others are pending settlement.
In regard to those lawsuits pending settlement, with a minimum likelihood of success, provisions for risks and expenditure were set up.

Litigations entailing significant amounts:

1. **The litigation with Oltchim – a customer undergoing the bankruptcy proceedings**
   The company has a claim receivable from Oltchim Chemical Compound, amounting to 21,682,326 lei as at 31.12.2021. Initially, the claim amounted to 33,708,986 lei (12,577,802 lei as recorded in the payments schedule, 18,249,986 lei identified as state aid unlawfully granted according to European Commission Decision no. C (2018) 8592, 32,772 lei as court charges; 2,848,425 lei – the interest to the said state aid, calculated until 31.12.2019). Some of the receivables mentioned in the statement of claims, filed as part of the bankruptcy proceedings, were not accepted in the list of creditors, which is why the company appears on the consolidated list of creditors with the amount of 24,990,013.62 lei. In December 2021, the company issued a VAT adjustment invoice for the amount of 3,341,060 lei in line with the Fiscal Code provisions.

2. **The litigation with Lidl Imobiliare Romania Management SCS and Lidl Discount SRL**
   The disputed amount is 8,494,701.70 lei, representing damages due on account of the failure of the land owned by plaintiff Lidl Imobiliare Romania Management SCS and the total destruction of the former Plus supermarket, located in Ocna Mures. The petition was filed both against the company and against Ocna Mures Mayor's Office, in 2012. Fondul Proprietatea, which filed a

motion to intervene for the benefit of SNS SA, invoked a plea of illegality concerning the building permit and the Decision made by Ocna Mures Local Council approving the detailed urban plan for the Plus store. The plea of illegality was partly and conclusively admitted (on 08.04.2021), the building permit being rescinded. The case file initially compiled in 2012 (on the matter of civil liability in tort) may be redocketed within one year from the date when the conclusive ruling was issued to rescind the building permit issued to plaintiff Lidl, in order to continue the case file proceedings on the compensation claims merits.

3. **The litigation with the co-owner of 220 Victoriei Avenue real estate property** on the matter of Tort liability action. Although the litigation was commenced in 2016, the claims were set forth pursuant to the Property valuation report in 2022 (January) and amount in total to 4,777,592 lei, the equivalent of 965,171 Euro. The case file is in trial court, with the court appearance set for 11.05.2022.

4. **The litigation with CNAIR** (*National Company for Road Infrastructure Administration*)
In 2021, CNAIR took legal action against SNS SA, requesting that the latter be ordered to pay the amount of 2,833,548.27 lei (VAT-inclusive), representing the equivalent value of the losses calculated by the external public auditors of the Court of Accounts as having been incurred by CNAIR. The case file is pending settlement. During the previous court appearance, the court adjourned the case for 12.05.2022 in order to settle SNS case file no. 38/1/2020 against CCR.
The Court of Accounts conducted in 2016 an audit at SNS SA, as well, and found that the company achieved additional revenues by invoicing transportation services to CNADNR (*National Company for Motorways and National Roads of Romania*). The measure was challenged SNS SA both through administrative channels and in court, given that SNS SA did not acknowledge that it owed CNAIR the amount set forth by the Romanian Court of Accounts auditors. The challenge filed as an administrative matter with the Court of Accounts was dismissed as per Ruling no. 95/2016. In court, SNS SA filed an appeal against Ruling no. 95/2016, partly admitted (measure no. I.10 in the Decision concerning, in essence, the contracts for salt transportation services in favour of CNADNR). Against the sentence, SNS SA (for the measures appealed against and not invalidated by the first instance court) and the Court of Accounts (for the measures invalidated by the first instance court, also for measure I.10) filed a second appeal. The second appeal was registered on the docket of the High Court of Cassation and Justice – The Administrative and Fiscal Litigation Section under no. 38/1/2020. The case file is yet to be ruled on, as the court postponed several times a ruling, the latest settlement timeframe being set for 26.04.2022.

5. **The litigation with ELTEMES Sp zoo**
The litigation concerns the company's purchase of an equipment item (Shearer) for Ocna Dej branch, the latter refusing to perform the acceptance on technical grounds.
In its petition, plaintiff Eltemes Sp zoo asked the court to order SNS SA to:
   - Perform the final acceptance of shearer no. 1 (for Ocna Dej Branch);
   - Return the amount of 212,500 Euro, representing the equivalent value of performance bond no. 1331/G/2016, executed on 26.10.2018, as well as the statutory default interest calculated from the guarantee instrument execution date to the repayment of the withheld amount;

   By executing the performance bond, SNS SA only recovered 50% of the shearer value (price of the equipment: 425,000 Euro) and, in order to recover the remaining 50%, it filed, as part of the same case file, a counterclaim, asking that the court order Eltemes Sp.Zoo to:
   - collect the shearer from the office of Ocna Dej Salt works Branch;
   - pay the amount of 394,400 Euro, representing the losses caused to SNS SA as a result of the failure to fulfil the contractual obligations undertaken in art. 4 and art. 9 in contract no.

(All the amounts are expressed in RON, unless otherwise provided)

152/2016 (paid advance amounting to 212,500 Euro and 181,900 Euro as delay penalties calculated according to the contractual clauses
- pay damages representing the statutory default interest calculated from 07.12.2018 to the effective payment date);
- pay the court charges.

In settling the case file, the first instance court admitted the petition filed by Eltemes Sp zoo.
Against trial court sentence no. 2395/26.11.2020, delivered by Bucharest County Court, the 6th Civilian Division, case file no. 39565/3/2018, SNS SA filed an appeal and asked that the court, by means of the decision it is to deliver, admit the appeal and, consequently, dismiss the petition filed by ELTEMES Sp. Z.o.o. and admit the counterclaim filed by SNS SA as legal and thorough.
Against Civil case sentence no. 2091/26.11.2021, SNS SA filed a second appeal and requested that the court invalidate the decision under appeal and refer the matter for settlement to Bucharest Court of Appeal, the Civilian Division, in relation to the grounds for second appeal underpinned by art. 488 item 3, item 6 and 8 in the New Civil Procedure Code.
The second appeal was registered on the docket of the High Court of Cassation and Justice and is currently subject to the pre-proceedings process.

Note 26 AFFILIATED PARTIES

Societatea Naţională a Sării does not hold stakes in other companies.

Note 27 RELATED PARTIES

The company conducts commercial transactions with companies majority owned by the Romanian state or in which it holds stakes:

Partner	Sales, VAT-exclusive		Purchases, VAT-exclusive	
	2020	2021	2020	2021
CFR Marfa	-	-	18,237,407	19,154,935
CNAIR	46,041,890	102,742,433		

Note 28 MANAGEMENT AND MANAGEMENT BOARD REMUNERATIONS

The Company is managed under a unified system, for the purposes of Law 31/1990 on Trading Companies.
The composition of the Management Board and the Top management is presented Note 1, General information.

The remuneration granted to the Management Board and the Top management, as annual wages for the administrator and the general manager positions, is presented in the table below, (IAS 24):

Description	Dec. 31, 2021	Dec. 31, 2020
Wages	1,904,904	1,289,398
Social taxes and social security contributions	42,860	29,011
Other benefits		
	1,947,764	**1,318,409**

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(All the amounts are expressed in RON, unless otherwise provided)

	Loans and receivables	
ASSETS	**December 31, 2021**	**December 31, 2020**
Trade and similar receivables (without 471)	65,047,795	35,522,039
Cash and cash equivalents	251,719,654	229,104,928
Total	**316,767,449**	**264,626,967**

	At amortised cost	
LIABILITIES	**December 31, 2021**	**December 31, 2020**
Trade and other payables (without 472)	52,902,347	43,811,738
Total	52,902,347	43,811,738

The Management Board set forth the risk tolerance limits, for various business areas, by means of the policies issued; the company personnel are bound to comply with operation within the approved limits, as well as to fulfil the obligation to inform whenever they identify new material risks or changes in the existing risks.

EXPOSURE TO RISK

Additional details in relation to these policies are provided below:

The credit risk

The credit risk is the risk that the Company might incur a financial loss if a customer or a counterparty to a financial instrument fails to fulfil their contractual obligations. The company is primarily exposed to the (supplier-related) credit risk resulted from granting payment deadlines in the context of sales to customers. The counterparty risk may result from defaults of financial institutions with which the Company holds its cash, cash equivalents and term or on-demand deposits. In order to mitigate this risk, the company makes placements at 4 banks ranking among the top 10 banks in Romania.

The maximum exposure to the counterparty risk as at December 31, 2021:

	Net book value	
	December 31, 2021	**December 31, 2020**
Financial assets	-	-
Trade and similar receivables	65,047,795	35,522,039
Cash and cash equivalents	251,719,654	229,104,928
Total	**316,767,449**	**264,626,967**

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The market risk

The market risk originates from the use of financial instruments in foreign currencies. This is the risk of having the fair value of future cash flows of a financial instrument fluctuate on account of changes in the foreign exchange rates (foreign exchange risk) or other risk factors (the price risk or other events).

(All the amounts are expressed in RON, unless otherwise provided)

The foreign exchange risk
The company is primarily exposed to the foreign exchange risk in the context of sales of goods made to customers outside Romania. The monetary resources and trade receivables in EUR are updated as at the date of each balance sheet, at the foreign exchange rate communicated by the National Bank of Romania. The resulting differences are recorded in the profit and loss account, without, however, affecting the cash flows until the payment of the amounts.

As at December 31, 2021, the Company's net exposure to the foreign exchange risk reached the following levels:

	LEI	EUR Lei equivalent	USD Lei equivalent
December 31, 2021			
Monetary assets			
Trade and similar receivables	56,985,947	8,061,848	
Cash and cash equivalents	194,680,059	56,996,237	43,358
Monetary liabilities			
Trade and other payables	52,901,172	1,175	
Loans	2,436,781		
Net exposure	**196,328,053**	**65,056,910**	**43,358**

	LEI	EUR Lei equivalent	USD Lei equivalent
December 31, 2020			
Monetary assets			
Trade and similar receivables	28,811,774	6,710,265	-
Cash and cash equivalents	183,147,625	45,917,903	39,400
Monetary liabilities			
Trade and other payables	43,428,119	383,619	
Loans	3,519,314	0,00	0
Net exposure	**168,531,280**	**52,244,549**	**39,400**

The average foreign exchange rates throughout 2021 and the spot exchange rates as at December 31, 2021 were the following:

	Average annual exchange rate	Closing rate
	2021	December 31, 2021
EUR / USD	1.1820	1.1320
LEI/EUR	4.9204	4.9481

The average foreign exchange rates throughout 2020 and the spot exchange rates as at December 31, 2020 were the following:

(All the amounts are expressed in RON, unless otherwise provided)

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

The sensitivity analysis - 2021

A 10% appreciation of the Leu in relation to the EUR and the USD as at December 31, 2021 would determine a profit increase/(decrease) with the amounts in the table below. This analysis entails that all the other variables, interest rates in particular, remain constant.

Period profit increase/ (decrease) following the USD depreciation	Period profit increase/ (decrease) following the EUR depreciation
(4.3358)	(6,505,926)

A 10% depreciation of the Leu in relation to the EUR and the USD as at December 31, 2021 would have an opposite effect, equal in numeric terms with the amounts presented above, provided that all the other variables remained constant.

Period profit increase/ (decrease) following the USD appreciation	Period profit increase/ (decrease) following the EUR appreciation
4.3358	6,505,629

The sensitivity analysis - 2020

A 10% appreciation of the Leu in relation to the EUR and the USD as at December 31, 2020 would determine a profit increase/(decrease) with the amounts din the table below. This analysis entails that all the other variables, interest rates in particular, remain constant.

Period profit increase/ (decrease) following the USD depreciation	Period profit increase/ (decrease) following the EUR depreciation
(3.940)	(5,301,179)

A 10% depreciation of the Leu in relation to the EUR and the USD as at December 31, 2020 would have an opposite effect, equal in numeric terms with the amounts presented above, provided that all the other variables remained constant.

Period profit increase/ (decrease) following the USD appreciation	Period profit increase/ (decrease) following the EUR appreciation
3.940	5,301,179

The interest rate risk

The interest rate risk is risk of incurring fluctuations in the fair value of the payment of future flows generated by a financial instrument on account of interest rate changes. The interest rate risk includes the current value of fixed-interest financial instruments, as well as the risks associated to cash flows generated by variable-interest financial instruments. The interest rate risk is primarily associated to long-term financial instruments.

(All the amounts are expressed in RON, unless otherwise provided)

Exposure to the interest rate risks also extends upon the assets and liabilities at fair value.

The company does not have any loans contracted during the period subject to the restatement of national accounts for compliance with IFRS.

December 31, 2021	Interest-bearing		Not interest-bearing
	Fixed	Variable	
Trade and similar receivables			65,047,795
Cash and cash equivalents	151,547,000		100,172,654
Total active	**151,547,000**		**165,220,449**
Trade and other payables			52,902,347
Loans	2,436,781		
Total liabilities	**2,436,781**		52,902,347
Total exposure			**263,865,102**

December 31, 2020	Interest-bearing		Not interest-bearing
	Fixed	Variable	
Trade and similar receivables		-	35,522,039
Cash and cash equivalents	145,000,000	-	84,104,928
Total active	**145,000,000**	**-**	**119,626,967**
Trade and other payables			43,811,738
Loans	3,519,314		0
Total liabilities	**3,519,314**		**43,811,738**
Total exposure			**220,815,229**

The liquidity risk

The liquidity risk is associated to the manner in which the Company manages its working capital and the reimbursements related to its debt instruments. A Company may risk facing difficulties in fulfilling its financial obligations once they become payable.

	December 31, 2021	December 31, 2020
Assets		
Monetary assets in LEI	**251,666,006**	**211,959,399**
Monetary assets in EUR	**65,058,085**	**52,628,168**
Monetary assets in USD	**43,358**	**39,400**
Total	**316,767,449**	**264,626,967**
Liabilities		
Monetary liabilities in LEI	55,337,953	46,947,433
Monetary liabilities in EUR	1,175	383,619
Monetary liabilities in USD		-
	55,339,128	**47,331,052**

(All the amounts are expressed in RON, unless otherwise provided)

Monetary position in LEI	196,328,053	165,011,966
Monetary position in EUR	65,056,910	52,244,549
Monetary position in USD	43,358	39,400
	261,428,321	**217,295,915**

The Company's policy in regard to the liquidity risk stipulates retaining sufficient liquidity resources for it to be able to pay its outstanding obligations.

The table below presents the contractual maturities of financial liabilities:

December 31, 2021	**Up to 3 months**	**Between 3 and 12 months**	**Beyond 1 year**
Trade and other payables	52,902,347		10,104,640
Loans -	0	1,223,258	1,213,522
TOTAL	**52,902,347**	**1,223,258**	**11,318,163**

December 31, 2020

	Up to 3 months	**Between 3 and 12 months**	**Beyond 1 year**
Trade and other payables	43,811,738	0	0
Loans -	0	113,173	3,519,314
TOTAL	**43,811,738**	**113,173**	**3,519,314**

Cash at bank - the Company has accounts opened, and collaborates, with the following banking establishments: Raiffeisen Bank, BCR, BRD, Banca Transilvania, ING Bank, CEC Bank and Bucharest Treasury.

The operational risk

The operational risk is the risk of incurring direct or indirect losses originating from a wide range of causes associated to the Company's processes, personnel, technology and infrastructure, as well as from external factors different from the credit, the market and the liquidity risks, such as those originating from the legal and regulatory requirements and from generally accepted standards on organisational behaviour. Operational risks originate from all of the Company's operations.

Fair value of financial instruments

The fair value is the value for which the financial instrument can be exchanged via regular transactions, different from those determined by liquidation or forced sale. The fair values are obtained from quoted process or cash flow models, as the case may be.

As at December 31, 2021, cash and other resources, customers and similar accounts, trade and other payables are close to their fair value due to their short maturity. The management consider 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 the year 2018, drawn up by Societatea Națională a Sarii S.A., represent the first set of the company financial statements drawn up in accordance with IFRS.

(All the amounts are expressed in RON, unless otherwise provided)

The most significant changes brought to the financial statements in order to align them to the IFRS requirements adopted by the European Union, are:

- Share capital adjustments in accordance with cu IAS 29 - “Financial Reporting in Hyperinflationary Economies”, the Romanian economy being hyperinflationary until December 31, 2003 (27.751.645 lei)
- According to IFRS 1 “First-time Adoption of International Financial Reporting Standards”, SALROM SA chose to measure the tangible asset elements at fair value and use this fair value as deemed cost as at that date.

As such, the revaluation reserve, present in the company’s balance sheet as at 31.12.2014, from the first comparative period of IFRS implementation, was cancelled via carry-over under the balance carried forward, as follows:

Description	December 31, 2014
Surplus from land revaluations	16,394,911
Surplus from revaluations of buildings	25,397,174
Surplus from revaluations of equipment, technical supplies and means of transportation	9,412,465
Surplus from furniture, office automation and protection equipment revaluations	51,451
Total	**51,256,001**

The cancellation of the revaluation reserve present in account 1175 “Reserves representing surplus from revaluation reserves” (account according to OMFP 1802/2014) and its reclassification under *“Balance carried forward from the use, as at the date of transitioning to IFRS application, of fair value as deemed cost”* (51,256,001 lei as at 31.12.2014).

Note 31 FEES CHARGED BY AUDITORS

The financial audit of the annual financial statements pertaining to 2021, in compliance with IFRS, was carried out by TGS ROMANIA ASSURANCE & ADVISORY BUSINESS SERVICES SRL.

The auditor exclusively rendered financial audit services.
The auditor was selected by means of a public procurement procedure, in accordance with the provisions of OMFP 666/2016 art. 46 on the method of procuring audit services for majority or fully state-owned national companies that implemented the management measures provided in GO 109/2011.

NOTE 32 CONTINGENT ASSETS AND LIABILITIES

32.1 CONTINGENT ASSETS

In 2021, in order to implement the measures ordered by the Romanian Court of Accounts by means of the decision issued following the audits conducted in 2016 and 2019, several lawsuits were filed against certain salaried employees / former salaried employees / former general managers, lawsuits still pending settlement.
Considering the elevated levels of uncertainty as to the favourable resolution of these litigations, the company records as a contingent asset for the amount of 7,414,322 lei, comprising:

3,358,029	litigation on the failure to calculate penalties due to Oltchim;
1,522,688	litigations with the Ocna Dej branch manager and certain salaried employees of the branch;

(All the amounts are expressed in RON, unless otherwise provided)

947,312	litigations on the conclusion of procurement agreements
136,279	litigation on the payment of black oil excise duty
82,839	litigation on the undue payment of the 2016-2017 annual variable component to the general manager
379,846	litigation on headquarters lease
43,268	litigation on the collection of amounts from service providers – tourist transport, Slanic Salt works
778,892	claims receivable from a former general manager
11,128	litigation on the collection of a bonus granted to a former employee
154,041	claims receivable from former general managers pursuant to audit reports drawn up by the Court of Accounts

32.2 CONTINGENT LIABILITIES

Following the audit conducted in 2020 by the Romanian Court of Accounts, Follow-up reports were issued on the manner of implementing the measures ordered in Decisions 18/2013, 5/2016 and 4/2019. Significant value is assigned to the measure of calculating/paying the mining royalty pertaining to the 2010-2013 period, considered unexecuted. Due to the contradictory solutions issued by two institutions of the state (NAFA and ICCJ), the mining royalty matter is highly complex and there are uncertainties about the future developments and the possible outcomes across the company. In 2021, no changes occurred in relation to this matter.

In summary, in 2020, NAFA settled the challenge filed by the company and rescinded Tax assessment notice no. F-MC2317/26.11.2015 for the amount of 50,119,177 lei. SNS SA submitted a request for the reimbursement of 38,102,686 lei (amount paid on 31.12.2016), representing the mining royalty of 30,690,354 lei plus interest paid to said royalty, amounting to 7,412,332 lei – an amount collected by SNS SA from NAFA in September 2020.
The litigation between the company and the Romanian Court of Accounts (CCR) in regard to the 2010-2013 mining royalty measure (measure I.4 in CCR Decision no. 18/2013) was conclusively lost by the (merits: Civil case sentence no.1537/28.04.2017 delivered by Bucharest Court of Appeal in case file no. 5789/2/2013; second appeal: Civil decision no. 899/17.02.2020 delivered by HCCJ in case file no. 2060/1/2017 - the second appeal court ordered the following: “The court dismisses the second appeals filed by plaintiff Societatea Națională a Sării S.A. and intervener Fondul Proprietatea S.A. against Civil case sentence no. 1537 from April 28, 2017, delivered by Bucharest Court of Appeal – the 8th Administrative and Fiscal Litigation Division, as groundless”).
Following the audit carried out in 2020, the Court of Accounts issued Follow-up report no. 8251 from 29.10.2020, according to which it ascertained that the measure regarding the mining royalty related to 2010-2013 was not implemented.

The company is involved, in its capacity of defendant, in a litigation with Lidl Imobiliare Romania Management SCS and Lidl Discount SRL, for a significant amount of 8,494,701.70 lei. As at 31.12.2021, we are able to foresee possible odds of success. Details on this litigation are presented in Note 25.5.

NOTE 33 SUBSEQUENT EVENTS

Following the conclusion of the 2021 fiscal year, the Management Board issued an approval in principle for the commencement of a restructuring process at EM Rm. Valcea branch. The severance payments provided for this process are approved in the income and expenditure budget for 2022 as per GD 478/06.04.2022, with an estimated amount of 3,843,000 lei.

Administrator	**Chief financial officer**
By means of the General Manager	Laura Chiorean