

SOCIETATEA NATIONALA A Sarii S.A.

**Audited individual financial statements
for the year ended December 31, 2022**

prepared 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 Auditor's Report

The Comprehensive Income Statement

The Statement of Financial Position

The Statement of Cash Flows

The Statement of Changes in Equity

SOCIETATEA NAȚIONALĂ A SĂRII S.A.
Annual financial situations compliant with IFRS
for the year ended December 31, 2022
(all amounts are in RON unless otherwise stated)

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**REPORT OF THE INDEPENDENT AUDITOR
TO THE STAKEHOLDERS OF SOCIETATEA NAȚIONALĂ A SARIİ S.A.**

COMPREHENSIVE INCOME STATEMENT	NOTE	31-Dec-22	31-Dec-21
Revenues from sales	18.1	497,917,707	364,767,443
Other operating income	21	1,436,394	2,656,480
Changes in inventories	18.2	(6,946,887)	2,363,737
Revenues from the production of tangible assets		2,887,967	4,737,712
Expenses with raw materials and consumables	19	(47,512,333)	(43,919,284)
Personnel expenditure	19	(140,891,261)	(129,590,466)
Amortization and value adjustments	19	(20,345,154)	(16,953,612)
Research expenses	22	(152,153,158)	(113,929,709)
Other operating expenses		134,393,275	70,132,300
Net financial revenues / (costs)	23	10,099,567	1,714,441
Portion of the profit pertaining to associated entities			
Profit / (Loss) before tax		144,492,842	71,846,742
TAX EXPENSES	14	(23,743,448)	(11,655,692)
Profit / (Loss)		120,749,395	60,191,050
Other comprehensive income elements	4/9		
Revaluation of tangible assets			
Duties pertaining to other comprehensive income elements (deferred tax)	9	1,145,916	1,386,545
Actuarial changes related to employee		(5,405,725)	1,068,366
Total other comprehensive income elements		(4,259,809)	2,454,911
Total comprehensive income		116,489,586	62,645,961
Comprehensive income to be appropriated			
Company's owners (51%)		59,409,689	31,949,440
Minority interests (49%)		57,079,897	30,696,521
Earnings per share to be appropriated to the company's ordinary shareholders:		28,38	15,26
Basic and diluted			

STATEMENT OF FINANCIAL POSITION

ASSETS	NOTE	31-Dec-22	31-Dec- 21
FIXED ASSETS			
Tangible assets	4.1	251,017,537	235,978,441
Rights to use assets	4.1	1,254,471	2,392,279
Intangible assets	4.2	1,634,306	1,584,222
Deferred tax	4.4	4,082,968	185,345
Other financial assets	4.4	33,899,592	29,384,988
		291,888,874	269,525,275
CURRENT ASSETS			
Inventories	5	23,892,365	29,937,517
Trade and similar receivables	6	84,870,678	65,998,289
Other financial assets	7	-	-
Restricted resources	8	-	-
Cash and cash equivalents	8	341,112,298	251,719,653
		449,875,339	347,655,459
TOTAL ASSETS		741,764,212	617,180,734
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	71,482,459	41,732,945
Salaried employees' benefits < 1 year	16	7,057,525	11,222,221
Concession-related payables < 1 year	10.1	195,363	1,223,258
Payables linked to corporate income tax	14	12,732,948	5,552,082
Investment subsidies < 1 year	13	322,346	318,346
Provisions - outstanding within 1 year	15.1	28,474,237	15,553,915
		120,264,878	75,602,767
NET ASSETS/LIABILITIES		329,610,461	272,052,691
LONG-TERM LIABILITIES			
Trade and other long-term payables	12	224,798	321,223
Salaried employee payables > 1	12/16	15,500,765	9,783,417
Long-term loans	10.2	1,018,160	1,213,522
Investment subsidies > 1 year	13	2,902,532	3,217,205
Deferred tax			
Long-term provisions	15.2	18,036,685	16,457,331
LONG-TERM LIABILITIES		37,682,940	30,992,698
TOTAL LIABILITIES		157,947,818	106,595,465
NET ASSETS		583,816,398	510,585,268

STATEMENT OF FINANCIAL POSITION
(continued)

	NOTE	31-Dec-22	31-Dec-21
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	(6,409,213)	(1,003,488)
Premiums linked to the issuance of shares			
Revaluation reserves	9	43,755,335	49,771,394
Other reserves	9	272,599,147	255,621,039
Balance carried forward	9	84,319,959	77,226,243
Current fiscal year outturn	9	120,749,395	60,191,050
Profit appropriation	9		(22,744)
TOTAL CAPITAL		583,816,398	510,585,268

STATEMENT OF CASH FLOWS

	31-Dec-22	31-Dec-21
Flows from exploitation activities		
Profit before tax	144,492,843	71,846,740
Adjustments for:		
Depreciation and asset value adjustments	29,332,846	26,722,378
Impairment of rights of use of assets	1,137,808	1,137,798
(Profit)/loss from the disposal of fixed assets	54,614	354,835
Income from the reversal of ANAF penalties	0	(2,038,445)
Revenues from reversals of NAFA penalties	0	58,000
Geological fund (set-up and use)	16,697,627	10,134,585
Revenues from investment subsidies	(325,880)	(334,037)
	14,499,676	8,211,482
Transfers from other provisions - net		
Changing the value of the actuarial calculations of employee benefits	5,405,725	(1,068,366)
Decrease / (increase) in other capital accounts		
Modification of the carried forward result		
Other incomes	(10,634,212)	(2,168,605)
Financial costs	534,645	459,003
Profit before changes to the working capital	201,195,692	113,315,368
Collection of royalties + fiscal interest	0	2,038,445
Decrease / (increase) of receivables	(22,956,943)	(59,724,557)
Decrease / (increase) of stocks	6,054,734	11,855,069
Increase / (decrease) in liabilities	17,218,902	4,757,386
Cash from operating activities	201,512,384	72,241,712
Financial costs paid		
Corporate income tax paid	(19,272,833)	(5,688,434)
Net cash from operating activities	182,239,551	66,553,278
Flows from investment activities		
Purchases of tangible assets	(42,909,380)	(33,072,585)
Receipts from sales of assets	0	18,525
Receipts from sales of assets	10,620,935	2,160,977
Payments as financial costs	(467,917)	(367,995)
Net flows from investment activities	(32,756,362)	(31,261,078)
Flows from financing activities		
Variation of long-term liabilities, including rights to use the assets	(195,362)	(1,195,706)
Interest paid		
Dividends paid	(59,895,183)	(11,481,767)
Net flows from financing activities	(60,090,545)	(12,677,473)
Net cash increase / (decrease)	89,392,644	22,614,677
Cash and cash equivalents at the beginning of the period	251,719,654	229,104,928
Cash and cash equivalents at the end of the period	341,112,298	251,719,654

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-Jan-2022	41,050,130	26,748,157	49,771,394	255,621,038	76,405,511	88,740,683	(27,751,645)	510,585,268
Change in the actuarial calculation terms		(5,405,725)						(5,405,725)
Current comprehensive income					120,749,395			120,749,395
Revaluation of buildings and special constructions								-
Deferred tax linked to the revaluation			1,145,916					1,145,916
Total global outturn	-	(5,405,725)	1,145,916		120,749,395	-	-	116,489,586
Allocate the legal reserve								
Allocation of other reserves - geological fund				16,698,608				16,698,608
Allocate the reserve for dividend distribution								-
Changes to the revaluation reserve								-
Profit distribution 2021				279,501	(279,501)			-
Dividends distributed					(59,888,805)			(59,888,805)
Retained earnings from the amortization of the revaluation surplus			(7,161,975)		7,161,975			
Subscribed and unpaid capital								
Corrections of previous financial years					(68,259)			(68,259)
31-Dec-2022	41,050,130	21,342,432	43,755,335	272,599,147	144,080,316	88,740,683	(27,751,645)	583,816,398

	Subscribed capital	Capital adjustments	Revaluation reserves	Reserves	Outturn not appropriated	First-time adoption of IFRS	First-time adoption of IAS 29	TOTAL
01-Jan-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
Allocate the legal reserve				22,744	(22,744)			-
Allocation of other reserves - geological fund				10,134,585				10,134,585
Allocate the reserve for dividend distribution								-
Changes to the revaluation reserve								-
Profit distribution 2020					-			-
Dividends distributed					(11,481,767)			(11,481,767)
Retained earnings from the amortization of the revaluation surplus			(8,665,910)		8,665,910			
Subscribed and unpaid capital								
Corrections of previous financial 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

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON December 31, 2022
(all the amounts are in RON, unless otherwise provided)

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS:
Note 1 GENERAL INFORMATION**

Societatea Națională a Sării S.A. was established in 1997 as per Government Decision no. 767/1997, following the reorganization of the former Salt and Non-metalliferous 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, District 1, Bucharest, and a place of business - administrative headquarters at 76 Splaiul Unirii, 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 NCEC (*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 licenses, 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, caliper 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 as holder of 14 concession exploitation licenses 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 licenses are issued for each perimeter under exploitation and have individual validities over the 1999-2024 period, subject to extension.

The licenses 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 licenses, 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 2022, 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 licenses 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.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON December 31, 2022
(all the amounts are in RON, unless otherwise provided)

The Ministry of Economy is represented in the SGA (*Shareholders' General Assembly*) by persons mandated as per a Minister's 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 Board of Directors, whereas operational and executive duties are fulfilled by the general manager.

Management's activity organization

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 Board of Directors 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 Board of Directors, according to the company's Articles of Incorporation.

The Board of Directors is the structure that exercises a permanent control over the company's Management and assembles at least once a month. The Board of Directors' 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 organize 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 modernize 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's development and modernization amounting to 6% of the mining production.

In its capacity of holder of mineral resource exploitation licenses, 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/km².

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

The adopted accounting policies are consistent with those of the previous financial year, except for the following amended IFRSs that were adopted by the Company from January 1, 2022.

The Company has not adopted in advance other standards, interpretations or amendments that have been issued, but which are not yet in force and anticipates that the adoption of these new standards and amendments to the existing standards will not have a significant impact on the financial statements of the Company during the initial application period.

2.1. New and amended standards and interpretations in effect for the current reporting period

The following new standards, amendments to existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are in force for the current reporting period, and their adoption did not have a significant impact on the information presentations or on the amounts reported in the present financial statements:

- **Amendments to IFRS 3 "Business Combinations"** - References to the Conceptual Framework with amendments to IFRS 3, issued by the IASB on 14 May 2020. The amendments: (a) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of The 1989 Framework; (b) adds an additional requirement to IFRS 3 according to which, for transactions and other events that are subject to IAS 37 or IFRIC 21, an acquirer shall apply IAS 37 or IFRIC 21 (and not the Conceptual Framework) to identify the liabilities that were assumed in a business combination; and (c) add an explicit statement to IFRS 3 that an acquirer shall not recognize contingent assets acquired in a business combination.
- **Amendments to IAS 16 "Tangible fixed assets"** - Receipts before expected use, issued by the IASB on May 14, 2020. The amendments prohibit the deduction from the cost of an item of tangible fixed assets of any proceeds obtained from the sale of items produced during the bringing of the respective asset to the place and in the necessary condition to be able to be operated according to management planning. Instead, the entity recognizes the proceeds from the sale of these elements, and the cost of producing these elements in the profit and loss account.
- **Amendments to IAS 37 "Provisions, contingent liabilities and contingent assets" - Onerous contracts – The cost of executing the contract**, issued by the IASB on May 14, 2020. According to the amendments, the "cost of executing" a contract includes "costs directly related to the contract". The costs directly related to the contract can be either incremental costs of contract execution, or an allocation of other costs directly related to the execution of contracts.
- **Amendments to various standards due to the "IFRS Improvements (2018-2020 cycle)"** issued by the IASB on May 14, 2020. Amendments to various standards resulting from the annual IFRS improvement project (IFRS 1, IFRS 9, IFRS 16 and IAS 41) with the main purpose of eliminating inconsistencies and clarifying certain wordings. The amendments: (a) clarifies that the subsidiary that applies paragraph D16(a) of IFRS 1 can cumulatively evaluate the exchange differences using the amounts reported by the parent company, depending on the date of transition of the parent company to IFRS (IFRS 1); (b) clarifies the fees that an entity includes when applying the "10 per cent" test in paragraph B3.3.6 of IFRS 9 to assess whether it should derecognize a financial liability. An entity includes only fees paid or received between the entity (borrower) and the lender, including fees paid or received by either the entity or the lender on behalf of the other (IFRS 9); (c) removes from the example the presentation of the reimbursement by the lessor of the improvements expenses made to the leased premises in order to resolve any possible confusion about the treatment of lease incentives that might arise because of the way in which the lease incentives are presented in that example (the example illustrative 13 attached to IFRS 16); and (d) removes the requirement in paragraph 22 of IAS 41 for entities to exclude cash flows with taxation when measuring the fair value of a biological asset using a present value technique (IAS 41).

2.1. New and revised accounting standards issued by the IASB and adopted by the EU, but which have not yet entered into force

At the date of approval of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards issued and adopted by the EU, but which have not yet entered into force:

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

- **Amendments to IFRS 17 "Insurance contracts"** - Initial application of IFRS 17 and IFRS 9 - Comparative information issued by the IASB on 9 December 2021. It is a narrow-scope amendment to the transitional requirements of IFRS 17 for entities which apply for the first time IFRS 17 and IFRS 9 simultaneously.
- **Amendments to IAS 1 "Presentation of financial statements" - Classification of liabilities into short-term liabilities and long-term liabilities**, issued by the IASB on January 23, 2020. The amendments provide a more general approach to the classification of liabilities provided by IAS 1 starting from contractual agreements existing at the reporting date. Amendments to IAS 1 issued by the IASB on July 15, 2020 postpone the effective date by one year for annual periods beginning on or after January 1, 2023. Presentation of accounting policies issued by the IASB on February 12, 2021. The amendments require that entities should rather present their significant accounting policies than important accounting policies and provide guidance and examples to help financial statement preparers decide which accounting policies to present in the financial statements. Long-term liabilities with financial indicators issued by the IASB on 31 October 2022. The amendments clarify the conditions that an entity must meet within twelve months of the reporting period which influence the classification of a liability.
- **Amendments to IAS 8 "Accounting policies, changes in accounting estimates and errors"** - Definition of accounting estimates issued by the IASB on 12 February 2021. The amendments focus on accounting estimates and provide guidance on the distinction between accounting policies and accounting estimates.
- **Amendments to IAS 12 "Income tax"** - Deferred tax related to receivables and payables arising from a single transaction issued by the IASB on May 6, 2021. According to the amendments, the exemption from initial recognition does not apply to transactions in which temporary differences arise both deductible as well as taxable upon initial recognition, leading to the recognition of equal deferred tax receivables and liabilities.

The Company anticipates that the adoption of these new standards and amendments to the existing standards will not have a significant impact on the Company's financial statements during the initial application period.

2.3 New and revised accounting standards issued by the IASB, but not adopted by the EU

- **Amendments to IAS 1 "Classification of liabilities into short-term liabilities and long-term liabilities (date of entry into force by the IASB: January 1, 2023)"**
- **Amendments to IAS 1 "Long-term liabilities with financial indicators (date of entry into force by the IASB: January 1, 2024)"**
- **Amendments to IFRS 16 "Lease liabilities in a sale and leaseback transaction (date of entry into force by the IASB: January 1, 2024)"**
- **IFRS 14 "Deferral accounts related to regulated activities"** issued by the IASB on January 30, 2014. This standard aims to allow entities that adopt IFRS for the first time, and which currently recognize deferred accounts related to regulated activities according to generally previous accepted accounting policies, to continue to do so upon transition to IFRS.
- **Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures"** - Sale of or contribution of assets between an investor and its associates or joint ventures, issued by the IASB on September 11, 2014 (on 17 December 2015, the IASB postponed the effective date indefinitely). The amendments resolve the contradiction between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, profit or losses are recognized when the assets sold or contributed with represent an enterprise.

The Company anticipates that the adoption of these new standards and amendments to the existing standards will not have a significant impact on the Company's financial statements during the initial application period.

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.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON December 31, 2022
(all the amounts are in RON, unless otherwise provided)

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 prepared 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/amortized cost ratio, with the exception of tangible assets presented at revalued cost by using the fair value as deemed cost.

The economic environment in 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 before or on the date of the transaction, respectively,
- A fair value determined prior to the transaction date and corrected up to the transaction date with the effects of depreciation and other value adjustments, as the case may be, including, if necessary, changes in 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 (RON). The individual financial statements are presented in RON.

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 RON 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 valued, but only estimated. Estimating entails judgements based on the latest available information.

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

An estimate may require 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 recognized as revenue or expenditure during those future periods.

The company issues certain 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 analyzing the application of IFRIC 12, the Company determined whether the following characteristics of concession licenses 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 licenses 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 licenses, paid from the revenues achieved from the sale of said resources.

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

As a result, IFRIC 12 will not apply. The Company did not recognize the assets pertaining to the concession licenses in the Individual Statement of Financial Position, whereas it does recognize, 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 valuers 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 valuers also make reference to the market information related to the prices of transactions with similar properties.

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 analyzed individually.

c) Legal procedures

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.

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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 recognizing 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 licenses.

Business continuity

The company will continue to conduct its business by carrying out the activities for which it is authorized to operate, without going into liquidation or incurring a significant business contraction.

3.2 ACCOUNTING POLICIES

(a) Tangible assets

(i) Recognition and measurement

The tangible assets are presented at their revaluated value, minus the cumulated amortization 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 specialization, 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.

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

- the cost of materials and direct personnel 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 capitalized borrowing costs

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

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 refurbishing and purchasing installations and other major constructions are capitalized in the cost of tangible assets in progress as provided by IAS 23 "Borrowing Costs".

The profit 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 recognized 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 recognized in the profit or loss account on the date when they are paid, whereas the expenses made in order to enhance technical performance are capitalized and amortized throughout the remaining amortization period of the respective fixed asset.

The subsequent costs are included in the book value of the asset or recognized 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 valued. The book value of the replaced part is derecognized. All the other repair and maintenance works shall be registered in the profit account during the period when they are performed.

All the other maintenance costs are recognized in the profit or loss account as they are incurred.

(iii) Amortization

The tangible assets are amortized using the linear method, throughout their operating lives, whereas for quarries and drills the amortization 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	<u>Useful lives (years)</u>
Industrial constructions	10 - 60
Administrative buildings	40 - 50
Drills	8 - 36
Technological machinery and equipment	2 - 34

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Furniture	4 - 15
Office supplies	4 - 5

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

The operating lives, the residual values and the amortization 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 of the existence of a depreciation. An impairment loss is recognized 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 recognized in the Profit or Loss Account, save for the case where the asset referred to was revaluated, in which case the impairment loss is treated as a revaluation reserve decrease.

For all the fixed assets, the impairment losses recognized during the previous periods are evaluated 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 amortization, if no impairment had been recognized.

(v) Reevaluation

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 valuers, 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 specialized valuers, in 2020.

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

(c) Intangible assets

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The Intangible assets purchased by the Company are presented at cost, minus the cumulated amortization and the provision for the impairment of intangible assets. The amortization is recognized 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 amortized 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 profit and losses, whether realized or unrealized, are registered in the profit and loss account of the respective year.

The foreign exchange rates as at December 31, 2022 and 2021 are as follows:

Currency	31 December 2022	31 December 2021
EUR	4,9474	4,9481
USD	4,6346	4,3707

The non-monetary assets and liabilities expressed in a foreign currency, which are valued 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 valued 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 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 recognizes 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.

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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 profit/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 recognized 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 Public Finance*) no.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 amortization and the value losses. Revaluations are performed with sufficient regularity to make sure that the book's value does not materially differ from what would have been determined through the use of fair value as on 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 recognized as profit or loss to the extent to which it offsets a decrease from the revaluation of the same asset previously recognized in the profit or loss account.

If the book value of an asset is decreased following a revaluation, this decrease is recognized 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 amortization from the calculation of the taxable profit, namely when these fixed assets were removed from inventory, as the case may be.

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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 amortized or is derecognized.

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 recognized 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 any 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 capitalized as a portion of the respective asset’s cost. When determining the amount of the borrowing costs eligible for capitalization 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 recognized 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 amortization is recognized 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 recognized 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 recognized for the following temporary differences:

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- 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.

Deferred tax receivables is recognized 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 recognized under the profit or loss account, save for the case where it concerns elements previously recognized 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 recognized 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 recognized 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 recognized as they are received and accumulated 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.

(t) Employees' benefits

In accordance with the Collective Labor Agreement, when they meet the legal requirements in terms of retirement, the employees are entitled to receive a monetary reward.

Societatea Națională a Sării registers 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 recognized as the related services are rendered.

A liability is recognized 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.

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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 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 refer 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 considers, among others, the time value of money, and shall be recognized, as opposed to the already recognized 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 recognized as income when the associated costs (for example, the amortization of fixed assets through subsidies) have been recognized.

The company fully finances its expenditure and investments from its own revenues. The amounts that are recognized in the financial statements as subsidies represent the reversal under revenues of the costs with the amortization of the tangible assets financed from the Geological research and development fund and the reversal pertaining to the EU co-financing share for POSCCE project.

The company has implemented a project with financing from European funds (POSCCE) for a salt recrystallization line at the Cacica branch (co-financing rate 50%) for which, the monthly depreciation related to the asset financed from the EU financing rate is recognized in 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 recognized 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 objective terms, following a corresponding marketing campaign, between two interested and fully aware parties.

The fair elements when 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.

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(w) Financial instruments

The financial assets and the financial liabilities are recognized 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 recognized 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 recognized and derecognized 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 amortized 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 recognized 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 recognized under profit or loss. The net gains or losses recognized 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.

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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 amortized 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 registered at amortized cost, the value of the recognized 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 registered at 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 recognized under profit or loss.

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

In regard to the financial assets measured at amortized 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 recognized shall be reversed through profit or loss insofar as the book value of the instrument on the impairment reversal date does not exceed the amortized cost borne if the impairment would have not been recognized.

In regard to the shares available for sale, the impairment losses previously recognized under profit or loss will not be reversed through profit or loss. Any fair value increase that follows an impairment loss shall be recognized 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 derecognize 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 recognize 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 recognize the financial asset and, furthermore, shall recognize 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 one hand, and the gain or loss that was recognized under other comprehensive income elements and cumulated under own equity, on the other hand, shall be recognized under profit or loss.

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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 recognize under continuous involvement and the part it no longer recognizes 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 recognized plus the amount of the equivalent value received for the part that is no longer recognized, on one hand, and any allocated cumulated gain or loss that was recognized under other comprehensive income elements, on the other hand, shall be recognized under profit or loss. A cumulated profit or loss that was recognized under other comprehensive income elements shall be allocated between the part that continues to be recognized and the part that is no longer recognized, 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 recognized under the inflows received, as the net direct issuance costs.

The repurchase of the Company's own equity instruments is recognized and deducted directly under own equity. No profit or loss shall be recognized 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 profit or loss resulting from the revaluation being recognized under profit or loss. The net gain or loss recognized 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)

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Other financial liabilities

Other financial liabilities (loans included) are subsequently measured at amortized cost, using the effective interest method.

The effective interest method is a method for calculating the amortized 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 derecognizes financial liabilities exclusively when the Company's obligations are paid, cancelled, or expire. The difference between the book value of the derecognized financial liability and the paid and payable equivalent value shall be recognized under profit or loss.

Derivatives

Derivatives are initially recognized 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 recognized 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 as fair value hedges or cash flow hedges.

At the beginning 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 beginning 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 recognized 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 recognized 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 amortized, 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 recognized under other non-consolidated comprehensive income elements and accumulated in the cash flow hedging reserve. The profit or losses pertaining to the ineffective portion is immediately recognized under the SEPARATE profit or loss and is included into "Losses from embedded derivatives" and "Other financial income/(expenditure)" elements.

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The values previously recognized under other comprehensive income elements and accumulated under own equity are reclassified under profit or loss during the periods when the hedged element is recognized under profit or loss, on the same row as that of the recognized 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 profit and losses previously recognized 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 profit or losses recognized SEPARATELY under other comprehensive income elements and accumulated under capital at the time shall remain under capital and be recognized when the projected transaction is eventually recognized 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 recognized 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 with the lease, so as to obtain a constant interest rate related to the debt balance. Financial expenses are immediately recognized under profit or loss provided that they are not directly attributable to the eligible assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent leases are recognized as expenses during the periods in which they occur.

Operating lease payments are recognized 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 recognized 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 recognized as liabilities. The aggregated benefit of the incentives is recognized 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.

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Note 4 ASSETS

Note 4.TANGIBLE ASSETS

Tangible assets	Balance as on 31 December 2022	Balance as on 31 December 2021
Lands	27,415,582	27,415,582
Construction	151,590,124	137,220,013
Technical installations and machines	122,889,072	96,509,604
Other installations, equipment and furniture	1,448,089	1,354,079
Productive plants	6,893	6,893
Tangible assets in progress	25,454,442	22,785,217
Construction depreciation	(28,806,807)	(20,532,210)
Depreciation of technical installations and machines	(35,472,393)	(18,508,147)
Depreciation of other installations, equipment and furniture	(623,373)	(329,441)
Construction depreciation adjustment	(7,779,615)	(5,335,032)
Depreciation adjustment of technical installations and machines	(1,329,732)	(491,438)
Depreciation adjustment of other installations, equipment and furniture	(252)	-
Depreciation adjustment of productive plants	(3,313)	-
Depreciation adjustment of tangible assets in execution	(3,771,180)	(4,116,679)
Advances on tangible assets	940,546	940,546
Depreciation adjustment of advances on tangible assets	(940,546)	(940,546)
TOTAL	251,017,537	235,978,441
	Balance as on 31 December 2022	Balance as on 31 December 2021
Rights to use assets	4,517,036	4,517,036
Amortization of rights of use of assets	(3,262,565)	(2,124,757)
TOTAL	1,254,471	2,392,279

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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, 2022	27,415,582	137,220,013	96,509,604	1,354,079	6,893	940,546	22,785,217	286,231,934
Increase	27,991	14,457,051	26,773,278	126,746	0	0	42,367,425	83,752,491
Discounts	27,991	86,940	393,810	32,736	0	0	39,698,200	40,239,677
Balance as of December 31, 2022	27,415,582	151,590,124	122,889,072	1,448,089	6,893	940,546	25,454,442	329,744,748
ACCUMULATED AMORTIZATION								
Balance on January 1, 2022	0	(20,532,210)	(18,508,147)	(329,441)	0	0	0	(39,369,798)
Amortization during the period	0	(8,279,752)	(17,319,612)	(312,564)	0	0	0	(25,911,928)
Discounts	0	5,155	355,366	18,632	0	0	0	379,153
Balance as of December 31, 2022	0	(28,806,807)	(35,472,393)	(623,373)	0	0	0	(64,902,573)
VALUE ADJUSTMENT								
Balance as of January 1, 2022	0	(5,335,032)	(491,438)	0	0	(940,546)	(4,116,679)	(10,883,695)
Increase	0	(2,722,998)	(973,230)	(252)	(3,313)	0		(3,699,793)
Discounts	0	278,415	134,936	0		0	345,499	758,850
Balance as of December 31, 2022	0	(7,779,615)	(1,329,732)	(252)	(3,313)	(940,546)	(3,771,180)	(13,824,638)
NET ACCOUNTING VALUE								
Balance on January 1, 2022	27,415,582	111,352,771	77,510,019	1,024,638	6,893	0	18,668,538	235,978,441
Balance as of December 31, 2022	27,415,582	115,003,702	86,086,947	824,464	3,580	0	21,683,261	251,017,537

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	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
COST								
Balance as of January 1, 2022	27,415,583	126,552,549	87,702,962	1,161,606	3,313	1,525,904	12,241,935	256,603,856
Increase	0	10,956,235	8,873,811	192,473	3,580	0	30,737,884	50,763,983
Discounts	0	(288,771)	(67,169)	(1)	0	(585,358)	(20,194,602)	(21,135,903)
Balance as of 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 AMORTIZATION								
Balance on January 1, 2021	0	(13,404,679)	0	0	0	0	0	(13,404,679)
Amortization during the period	0	(7,143,673)	(18,554,350)	(329,441)	0	0	0	(26,027,464)
Discounts	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 ADJUSTMENT								
Balance as at January 1, 2021	0	(6,462,316)	(559,613)	0	0	(940,546)	(4,331,931)	(12,294,406)
Increase	0	0	0	0	0	0	(377,000)	(377,000)
Discounts	0	1,127,286	68,176	0	0	0	592,249	1,787,711
Balance as of December 31, 2021	0	(5,335,030)	(491,437)	0	0	(940,546)	(4,116,681)	(10,883,695)
NET ACCOUNTING VALUE								
Balance on 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 of December 31, 2022	27,415,583	111,352,770	77,510,020	1,024,637	6,893	0	18,668,536	235,978,441

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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 2022, the increases in tangible assets of the Company were in the amount of RON 83,576,818:

- special buildings and constructions in the total value of RON 14,399,461 of which, by branches: Cacica Salt works purchases in the amount of RON 639,663 (mine aeration well, mine water network pipe, etc.);
Exploitation of the Rm. Valcea Mine: modernizations in the amount of RON 6,583,496 (planning of the saline parking lot, ventilation shaft of the western wing, horizon opening works, apartments, electricity supply from the system);
Praid Salt works: acquisitions and modernizations in the amount of RON 2,104,169 (rehabilitation of the circulation parts at the Dozsa well, coastal gallery, Telegdy aeration well);
Targu Ocna Salt works: modernizations and acquisitions in the amount of RON 380,838 (micro production workshop and waiting room, pump station building no. 1, aeration station, wells, concrete platforms, enclosures, electric line);
Ocna Dej Salt works: acquisitions and modernizations in the amount of RON 184,516 (diesel tanks, packaging hall and big-bag storage);
Slanic Prahova Salt works: purchases in amount of RON 2,548,425 (office containers, electrical installation, gallery excavation, maintenance workshops);
Ocna Mures Salt works: modernization in amount of RON 379,000 (pumping station)
Administrative headquarters: registration of site redevelopment in the amount of RON 1,579,354
- purchases of technical installations and machines in amount of RON 26,678,132 (technological equipment in amount of RON 24,224,299, measuring devices and installations, control and regulation in amount of RON 604,621, means of transport in amount of RON 1,849,212 intended for mining and the transport of products and people);
- purchases of furniture, office equipment, protective equipment in 2022, at the level of the Company, were in amount of RON 137,281;
- ongoing tangible immobilizations in the amount of RON 42,367,426, represent purchases of equipment, machinery and various investment works-special constructions from suppliers and carried out under own management.

The tangible immobilization reductions totaling RON 40,069,899 consist of:

- disposals of tangible assets in the amount of RON 356,222 (buildings and special constructions - RON 29,350, technical installations and machines - RON 299,584 and other installations, machinery and furniture - RON 27,288);
- transfer of fixed assets of the nature of inventory objects in the category of inventory objects, in the amount of RON 10,028 - technical installations and machines;
- less equipment and furniture inventory RON 5,448;
- tangible immobilization in progress in the amount of RON 39,698,201, respectively received, put into use as tangible immobilization-fixed assets, put into operation during 2022 in the amount of 39,646,923 and removal from the records in the amount of RON 51,278.

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 of December 31, 2022 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 close of the 2020 financial year, the company carried out the revaluation of the tangible fixed assets from the company's patrimony for all groups of fixed assets: land, buildings and special constructions, machinery, and work equipment, means of transport, furniture. To determine the fair value of the tangible fixed assets, an impairment specific to each cash-generating unit (CGU) was recognized pursuant to valuation reports drawn up by independent valuers and office equipment.

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To determine the fair value of the tangible fixed assets, an impairment specific to each cash-generating unit (CGU) was recognized pursuant to valuation reports drawn up by independent valutors.

Investments in progress

The balance of investments under execution on 31.12.2022 is in the gross amount of RON 25,454,441, respectively RON 22,785,216 on 31 December 2021. The main objectives under execution:

<u>Investment objective</u>	<u>Investment value</u>
Maintaining production capacity. Well field - Well 13 East (Tg Ocna)	6,524,413
Maintaining production capacity, Well field - Well 14 East (Tg Ocna)	6,371,390
Asphalting of the minibus traffic route for tourist transport (Slanic)	2,963,911
SOD production and packaging hall and development of the adjacent area (Oc Dej)	1,766,241
Emergency liquidation of the damage to the access gallery (Praid)	1,274,848
Securing the Horizon 40 (Praid)	521,220
Arrangement the Horizon +375 m(Praid)	420,000
Refurbishment and systematization of infrastructure and buildings in Slănic Saltworks (Slanic)	397,259
Maintaining production capacity in the well field (Tg Ocna)	396,675
Modernization of pipelines undercrossing the Ocnita school (Valcea)	357,051
Arrangement of tourist space (premises and underground)(Slanic)	356,000
Opening horizon +168(Praid)	294,630
Bridge Blue Consultancy SRL (Cacica)	246,999
Priming probe 13 east (Tg, Ocna)	233,098
Feasibility study regarding the possibility of perimeter development (Oc Mures)	224,000

Amortization 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 2022, adjustments were canceled for the depreciation of fixed assets in progress in the amount of RON 345,499, representing the value of the investment objectives in progress, completed, and put into operation. During 2022, no adjustments were made for the depreciation of fixed assets in progress.

For tangible assets, an analysis of depreciation indicators was carried out at the date of the financial statements. If the net book value of an asset is higher than its recoverable value, an impairment loss is recognized to reduce the net book value of the respective asset to the level of the recoverable value.

Thus, adjustments were made for the depreciation of tangible assets at the branch Ramnicu Valcea-Bistrita Sector thus, for constructions in value of RON 2,722,999, for technical installations and machines in value of RON 973,230 and for other installations, machinery, and furniture in value of RON 252.

At the end of 2022, the balance of advances paid to suppliers for tangible assets is RON 940,546 (equipment for the Ocna Dej branch), for which a 100% adjustment was recognized. The equipment is the subject of litigation pending before the courts (SNS SA in conflict with Eltemes Sp ZOO).

Note 4.2 INTANGIBLE ASSETS

The intangible assets purchased by the company are presented at cost, minus the cumulated amortization and value losses. The amortization is recognized 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 licenses, for various areas of activity (production, accounting, financials, procurements, payroll). These are amortized on a linear basis over a period not exceeding three years.

During January 1 - December 31, 2022 period, the status of intangible assets evolved as follows:

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During January 1 - December 31, 2022 period, the status of intangible assets evolved as follows:

COST	Balance 01.01.2022	Increase	Decrease /reclassifi- cation	Balance 31.12.2022
Patent concessions, licenses, trademarks and similar assets, other intangible assets	928,627	81,000	42,519	967,108
Intangible assets for exploitation and evaluation of mineral resources	1 278 505	0	0	1 278 505
Other intangible fixed assets	2,649,614	517,023	567,857	2,598,780
-Advances on intangible assets	50,166	1,294	1,294	50,166
Total	4,906,912	599,317	611,670	4,894,559

Intangible assets are amortized using the straight-line method. On January 1 and December 31, 2022, the depreciation of tangible assets is presented as follows:

AMORIZATION	Balance 01.01.2022	Year adjustment	Decreases	Balance 31.12.2022
Patent concessions, licenses, trademarks and similar assets, other intangible assets	364,685	122,174	42,519	444,340
Amortization of intangible assets of harnessing and evaluation of mineral resources	551,951	265,957	0	817,908
Amortization of other intangible assets	2,406,054	159,809	567,856	1,998,007
Total	3,322,690	547,940	610,375	3,260,255

Adjustment	Balance 01.01.2022	Year adjustment	Decrease	Balance 31.12.2022
Patent concessions, licenses, trademarks and similar assets, other intangible assets				
Adjustment of intangible operating assets and evaluation of resources	-	-	-	-
Adjustment of other intangible assets				
Total	-	-	-	-

NET VALUE	Balance 01.01.2022	Balance 31.12.2022
Concessions patterns, licenses, brands and similar value, other intangible assets	563,944	522,768
Intangible assets for exploitation and evaluation of mineral resources	726,554	460,597
Other intangible fixed assets	243,558	600,773
Advances on intangible assets	50,166	50,166
Total	1,584,222	1,634,304

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Between January 1 and December 31, 2021, intangible assets evolved as follows:

COST	Balance 01.01.2021	Increase	Decrease/ reclassification	Balance 31.12.2021
Patent concessions, licenses, trademarks and similar assets, other intangible assets	841,628	87,000	0	928,628
Intangible assets for exploitation and evaluation of mineral resources	1,018,727	259,777	0	1,278,504
Other intangible fixed assets	2,571,224	89,827	11,439	2,649,612
Advances on intangible assets	43,980	7,712	1,527	50,165
Total	4,475,559	444,316	12,966	4,906,909

Intangible assets are amortized using the straight-line method. On January 1 and December 31, 2021, the amortization of intangible assets is presented as follows:

AMORTIZATION	Balance 1.01.2021	Annual amortization	Deductions	Balance 31.12.2021
Patent concessions, licenses, trademarks and similar assets, other intangible assets	260,756	103,928	0	364,684
Amortization of intangible exploitation assets and evaluation of mineral resources	266,661	285,289	0	551,950
Depreciation 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 1.01.2021	Annual amortization	Deductions	Balance 31.12.2021

Patent concessions, licenses, trademarks and similar assets, other intangible assets
Adjustment of intangible exploitation assets and assessment of mineral resources
Adjustment of other intangible assets

Total - - - -

NET VALUE	Balance 01.01.2021	Balance 31.12. 2021
Patent concessions, licenses, trademarks and similar assets, other intangible assets	580,872	563,944
Intangible assets for exploitation and evaluation of mineral resources	752,066	726,554
Other intangible fixed assets	459,427	243,558
Advances on intangible assets	43,980	50,16
Total	1,836,345	1,584,222

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The increases in intangible assets represent acquisitions of licenses (following the phenomena of instability in operation), computer programs (various licenses, studies related to geological exploration activities, construction stability, computer program licenses, geophysical tomography etc.)

The reductions of intangible assets in the amount of RON 610,375 represent write-offs of intangible assets (licenses and software) fully amortized. In 2022, the company did not make payments to suppliers representing advances for the purchase of intangible and unreceived fixed assets.

Note 4.3 FINANCIAL ASSETS

The company does not hold shares in the social capital of other commercial companies.

Note 4.4 OTHER FIXED ASSETS

	Balance as on 31.12.2022	Balance as on 31.12.2021
Other immobilized assets/claims	33,899,592	29,384,988
Deferred profit tax	4,082,968	185,345
TOTAL	37,982,560	29,570,333

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 RON 17,088,003, and performance bonds amounting to RON 12,296,985. 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 on 31.12.2022	Balance as on 31.12.2021
Raw materials	737,893	413,483
Consumables, auxiliary materials inventory items and packaging	13,927,380	11,696,576
Production in progress	2,992,475	5,809,706
Semi-finished and finished products	6,123,066	12,080,915
Products	982,301	909,559
Advances Stocks	23,254	14,418
Total	24,786,369	30,924,658

VALUE ADJUSTMENT	Balance as on 31.12.2022	Balance as on 31.12.2022
-------------------------	-----------------------------	-----------------------------

Raw material depreciation adjustments	(116)	(401)
Consumable material depreciation adjustments	(866,504)	(960,800)
Depreciation adjustments of semi-finished and finished products	(154)	(21,159)
Goods depreciation adjustments		
Raw material depreciation adjustments	(27,232)	(4,784)
Total value adjustments	(894,006)	(987,144)
Net stock value	23,892,365	29,937,517

Stocks of raw materials, consumables, auxiliary materials, and spare parts are recorded as stocks at the time of purchase and are expensed at the time of consumption. The method used for the capitalization (use) of different types of stocks of the nature of spare parts and consumables is FIFO (first in, first out).

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The cost of inventory is based on the input value that is recorded in management. They also include the need for safety stock.

Stocks of finished products are recorded monthly at the pre-calculated cost and at the same time the differences are recorded up to the value of the production cost obtained. The production cost includes direct and indirect expenses through the standard cost method, which considers the standard levels of materials and consumables, labor and production capacity. In the category of direct expenses are included expenses with raw materials, consumables and auxiliary materials, electricity, expenses with direct productive personnel are identifiable for each individual product. The category of indirect expenses includes those expenses that cannot be identified per product but concern the entire production activity. The allocation is made according to the quantity obtained.

The cost of finished goods and work in progress includes materials, labor, and related indirect production costs.

On December 31, 2022, depreciation adjustments were made for stocks without movement or with slow movement, less the safety stock (stock necessary for machinery in the event of emergency repairs), thus:

- raw materials, the value of the depreciation adjustment is RON 116, reduced by RON 285 compared to the previous year;
- consumables, auxiliary materials, spare parts and other consumables, inventory items and packaging, the value of the depreciation adjustment is RON 866,504, reduced by RON 94,295 compared to 2021;
- finished and residual products, the depreciated value is RON 154, decreased from 2021 by RON 21,005;
- goods, the value of the depreciation adjustment is RON 27,232, increased from 2021 by RON 22,448.

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 in these inventories.

Note 6 TRADE AND SIMILAR RECEIVABLES

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

	Balance as on 21.12.2022	Balance as on 31.12.2021
Customers and assimilated accounts	98,311,291	78,680,336
Impairment of trade receivables	(19,074,273)	(19,420,506)]
Advances granted	2,614	17,713
Other current assets	13,217,765	14,169,358
Value adjustments	(8,681,558)	(8,399,107)
Expenses registered in advance	1,094,838	950,495
Total	84,870,678	65,998,290

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Note 6.1 CUSTOMERS AND ASSIMILATED ACCOUNTS

On December 31, 2022 and 2021, the customers and the advances granted are presented below:

GROSS VALUE	Balance as on 31.12.2022	Balance as on 21.12.2021
Trade receivables - customers	98,311,291	78,680,336
Advances granted	2,614	17,713
Total	98,313,905	78,698,049
	Balance as on 31.12.2022	Balance as on 21.12.2021
VALUE ADJUSTMENTS		
Uncertain customers	(19,074,273)	(19,420,506)
Total adjustments	(19,074,273)	(19,420,506)
	Balance as on 31.12.2022	Balance as on 21.12.2021
NET VALUE		
Customers and assimilated accounts	79,239,632	59,277,544
TOTAL	79,239,632	59,277,544

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 chemical compounds beneficiary, 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.

Note 6.2 OTHER CURRENT ASSETS

On December 31, 2022 and 2021, the position of other current assets is presented as follows :

GROSS VALUE	Balance as on 31.12.2022	Balance as on 31.12.2021
Claims related to employees	516,449	564,88
Other claims against the state budget	3,035,116	5,042,141
Different debtors	8,257,483	8,186,641
Interest to be collected	1,070,481	375,51
Settlements from operations being clarified	338,236	170
Total	13,217,765	14,169,358

Other receivables (settlements with associations regarding capital

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VALUE ADJUSTMENTS	Balance as on 31.12.2022	Balance as on 31.12.2021
Miscellaneous Debtors	(8,222,302)	(7,939,851)
Claims related to employees	(459,256)	(459,256)
TOTAL	(8,681,558)	(8,399,107)

NET VALUE	Balance as on 31.12.2022	Balance as on 31.12.2021
Other current assets - after adjustment	4,536,207	5,770,251
TOTAL	4,536,207	5,770,251

The **Receivables related to employees** group includes amounts to be collected from employees as instalments, according to the sales/purchase contracts of some apartments concluded by the Slănic Prahova branch with the employees, amounting to RON 47,199, remaining amounts to be recovered from to the employees representing the annual reward related to the years 2013-2015 in the amount of RON 3,425 and amounts to be recovered from the employees following the inspection acts of the Court of Accounts and for which actions were started in court by SNS SA, in the amount total of RON 459,256.

“Other claims receivable from the state budget” represent primarily amounts receivable, for medical leaves, from the National Health Insurance House.

The category of Miscellaneous debtors comprises:

- amounts imputed to former employees (RON 1,369,908) based on the audit documents of the Court of Accounts and which are pending before the courts. For the amounts imputed to both employees and former employees, receivables depreciation adjustments were made;
- the amount of RON 6,041,505.26 representing the claim on the Oltchim Combinat (in bankruptcy proceedings); on December 31, 2022, the debt is fully adjusted for depreciation;
- other claims related to various debtors in the amount of RON 846,069,74.

Note 6.3 DEFERRED EXPENSES

	Balance as on 31.12.2021	to be carried over >1 year < 1 year
Annual tax on exploitation activity	824,364	824,364
Various expenses incurred in advance	126,131	126,131
Total	950,495	950,495
	Balance as on 31.12.2022	to be carried over >1 year < 1 year
Annual tax on exploitation activity	947,182	947,182
Various expenses incurred in advance	147,656	147,656
Total	1,094,838	1,094,838

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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 specialized 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, note receivables or short-term investments.

Note 8 CASH AND CASH EQUIVALENTS

On December 31, 2022 and 2021, cash and cash equivalents are presented as follows:

	Balance as on 31.12.2022	Balance as on 31.12.2021
Bank accounts	93,028,717	77,339,007
Cash	591,039	408,466
Cash restricted use - SGB		
Very short term deposits	247,464,000	151,547,000
Other values (letter of credit)	28,542	22,425,180
Total	341,112,298	251,719,654

At the closing date of the financial exercise related to the year 2022, the company has short-term bank deposits opened at the banks where the company has open accounts (BCR, CEC Bank, Eximbank and Vista Bank), related to the amounts of the geological fund intended for investments and technological modernization.

Note 9 EQUITY

The equity structure comprises

	Balance as on 31.12.2022	Balance as on 31.12.2021
Statutory share capital (nominal value) Subscribed and unpaid social capital	41,050,130	41,050,130
Differences from the restatement of share capital (IAS 29)	27,751,645	27,751,645
Other capital adjustments (changes to actuarial conditions IAS 19)	(6,409,213)	(1,003,488)
Adjusted share capital	62,392,562	67,798,287

Changes during the 2022 financial year:

- the value of the social capital remains unchanged;
- the adjustment of the share capital as a result of the restatements registered in previous years regarding the application of IAS 29 "Financial reporting in hyperinflationary economies" remains unchanged;
- changes to the actuarial conditions IAS 19 regarding employee benefits, represents the loss of value resulting from the actuarial calculation, related to the year 2022, which reduces the value of own capital with a difference of RON 5,405,725.

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Revaluation reserve

Reserves originating from the revaluation of tangible assets:

Revaluation reserve	Balance as on 31.12.2022	Balance as on 31.12.2021
Revaluation reserves	52,089,685	59,251,660
Deferred tax related to the revaluation surplus	(8,334,350)	(9,480,266)
	43,755,335	49,771,394
Other reserves	Balance as on 31.12.2022	Balance as on 31.12.2021
Legal reserves	8,210,026	8,210,026
Other reserves	264,389,121	247,411,012
Total	272,599,147	255,621,038

Other reserves are made up of the legal reserve, the geological research and development fund set up on account of the operating expenses that are reduced by the returned value, as a result of the fixed assets financed from this fund, reserves set up from the distribution of the net profit of the previous year in tax facilities set up reserves from the bonuses granted to the profit tax.

For 2022, a geological research and development fund was established in the amount of RON 37,019,481 on account of operating expenses and the amount of RON 9,790,279 was repaid, by registering it in operating income accounts with the part that covers the expenses for depreciation of fixed assets purchased from this fund.

Legal reserve

The legal reserve did not change, because the constituted fund covers the percentage of 20% of the subscribed and paid-in capital, according to the legislation.

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 on 31.12.2022	Balance as on 31.12.2021
Undistributed result	144,080,316	76,405,511
Outturn from the first-time application of IFRS	88,740,683	88,740,683
Result carried over from IAS 29 - restatement of share capital	(27,751,645)	(27,751,645)
Total balance carried forward and current outturn, of which	205,069,354	137,394,549

The undistributed result is increasing compared to the previous year as a result of the increase in profit by 100.61%. On 31.12.2022, the undistributed result consists of: current overall result RON 120,749,395, the carried forward result affected in 2021 with the 2021 profit distribution operations at the legal reserve of RON 22,744, reserves - fiscal facilities (rebates) in the amount of RON 279,501 and the distribution of dividends in 2021 in the amount of RON 59,888,805, the transfer from revaluation reserves to the reserve fund regarding the revaluation surplus, which in 2022 were in total value of RON 7,161,975, as well as other funds constituted from the registration of corrections related to previous years according to the provisions of the control inspectors and the transition to IFRS.

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Note 10 LOANS

Short-term loans	Balance as on 31.12.2022	Balance as on 21.12.2021
Concession - short-term maturity component - Slanic Prahova	12,052	12,052
Concession - short-term maturity component - EM Rm. Vâlcea	91,617	87,093
Rights to use the assets short-term maturity component	91,693	1,124,113
Total	195,362	1,223,258

Long-term loans	Balance as on 31.12.2022	Balance as on 31.12.2021
Concession - long-term maturity component - Slanic Prahova	228,988	241,040
Concession - long-term maturity component - EM Rm. Valcea	789,172	880,789
Rights to use the assets - long-term maturity component	-	91,693
Total	1,018,160	1,213,522

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 31.12.2022 is RON 228.988);

-concession contract concluded with Ocenele Mari Town Hall, over a 49-year period, representing the concession over the land used for salt exploitation at EM Valcea branch; the annual royalty is RON 137,325.76, 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 31.12.2022 is RON 789.172);

-lease contract for office space at the Administrative Headquarters, starting in 2020 for a period of 3 years. On December 31, 2022, the remaining value of the contract is RON 91,693, and it is presented under short-term loans.

Note 11 LIABILITIES

On December 31, 2022, respectively 2021, the short-term debts of the Company are presented as follows:

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Note 11 LIABILITIES

On December 31, 2022, respectively 2021, the short-term debts of the Company are presented as follows:

SHORT-TERM LIABILITIES	Balance as on 31.12.2022	Balance as on 21.12.2021
Suppliers and assimilated accounts	41,325,077	19,831,739
Debts related to employees	9,634,714	7,551,997
Fiscal debts	17,455,046	11,796,513
Other short-term liabilities	3,067,622	2,552,696
Total	71,482,459	41,732,945

SUPPLIERS AND SIMILAR ACCOUNTS

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

SUPPLIERS AND SIMILAR ACCOUNTS	Balance as on 21.12.2022	Balance as on 31.12.2021
Trade payables	25,802,301	16,079,165
Asset suppliers	5,262,885	1,352,771
Advances received	10,259,891	2,399,803
Total	41,325,077	19,831,739

Trade payables represent suppliers in the balance at the end of the financial year and suppliers with undelivered invoices.

Advances received are amounts collected from customers until the end of the year and for which the company has the obligation to deliver finished products during 2023.

PAYABLES LINKED TO THE EMPLOYEES

	Balance as on 31.12.2022	Balance as on 31.12.2021
Payables linked to the salaried employees*) - minus IAS 19 - short-term salaried employee benefits	9,634,714	7,551,997
Total	9,634,714	7,551,997

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

Personnel 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.

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	Balance as on 31.12.2022	Balance as on 31.12.2021
Taxes and social contributions	11,219,377	9,363,193
VAT payable	3,867,939	702,310
Mining royalty	1,899,841	1,317,317
Tax on the income from the exploitation activity	325,885	240,483
Packaging waste tax	-	-
Other taxes and fees	139,847	163,154
Other debts to the State Budget	2,157	10,056
Total	17,455,046	11,796,513

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

Fiscal liabilities contain taxes and duties specific to the activity: the tax on the income from the exploitation activity related to the month of December (RON 325,885), other taxes and duties (RON 139,847) refer to various fiscal obligations.

OTHER SHORT-TERM LIABILITIES

	Balance as on 31.12.2022	Balance as on 31.12.2021
Dividend payment	-	-
Various creditors	3,039,737	2,499,877
Income registered in advance < 1 year	27,885	52,819
Total	3,067,622	2,552,696

The company pays annual dividends to shareholders in the year in which they are constituted as an obligation of the payment approved by the Resolution of the General Meeting of Shareholders.

“Miscellaneous 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

	Balance as on 31.12.2022	Balance as on 31.12.2021
Trade and other long-term payables		
VAT and other tax liabilities - long term	5,379	7,536
Miscellaneous creditors > 1 year	219,419	313,687
Deferred tax	-	-
Long-term employee benefits (IAS 19)	15,500,765	9,783,417
Total	15,725,563	10,104,640

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

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	Initial balance	The expense included in the profit and loss account		Actuarial (gains)/losses included in other elements of the overall result	Final balance
	01.01.2021	Cost of service	Cost of interest	Actuarial changes	31.12.2021
Net liability regarding the determined benefit	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

	Initial balance	The expense included in the profit and loss account		Actuarial (gains)/losses included in other elements of the overall result	Final balance
	01.01.2022	Cost of service	Cost of interest	Actuarial changes	31.12.2022
Net liability regarding the determined benefit	9,783,416	(156,285)	467,908	5,405,725	15,500,764
Total net liability	9,783,416	(156,285)	467,908	5,405,725	15,500,764

Note 13 INVESTMENT SUBSIDIES

Investment subsidies	Balance as on 31.12.2022	Balance as on 31.12.2021
Subsidies for investments < 1 year	322,346	318,346
Subsidies for investments > 1 year	2,902,532	3,217,205
TOTAL	3,224,878	3,535,551

The largest share is the co-financing component received from European funds for the investment made at Cacica (POSCCE), the objective - the re-technology of the recrystallized salt installation, in the remaining total amount of RON 3,224,878 (RON 322,346 in the short term and RON 2,902,532 long-term).

Note 14 PAYABLES WITH DEFERRED AND CURRENT CORPORATE INCOME TAX

For the financial year 2022, the data on the deferred profit tax are presented only for reasons of comparability with the financial year.

	Balance as on 31.12.2022	Balance as on 31.12.2021
Current tax liabilities	12,732,94	5,552,082
Deferred tax liabilities	(4,082,968)	(185,345)
	8,649,980	5,366,737

The current tax is a debt payable to the state budget and on 31.12.2022 it represents the profit tax due for the fourth quarter of 2022, the company having no outstanding obligation.

	2022	2021
Deferred tax linked to restatement	5,559,455	5,559,455

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Deferred tax linked to provisions	4,952,474	2,816,980
Deferred tax linked to impairment adjustments of fixed and current assets		1,289,177
Deferred tax related to revaluation reserves	(8,334,350)	(9,480,266)
	4,082,968	185,345

Deferred tax was calculated on the basis of temporary differences: revaluation differences, provisions for risks and expenses, depreciation adjustments of tangible fixed assets, tangible fixed assets in progress, inventories, customers, and various debtors, either for non-payment of debts on time, or the company has pending files for uncollected amounts.

The calculation of the profit tax for the year 2022 compared to 2021 is presented as follows:

	<u>2022</u>	<u>2021</u>
A. ACCOUNTING PROFIT	144,492,843	73,886,598
A1. Assimilated income	7,161,975	8,665,910
B. TAX DEDUCTIONS (B1:B5):	33,236,118	35,733,178
B.1. LEGAL RESERVES (A * 5%)	-	22,744
B.2. NON-TAXABLE INCOME major cancellation, debt recovery	-	2,038,445
B.3. INCOME NON-TAXED resumption of deductible provisions	7.478.228	8,048,429
B.4. TAX AMORTIZATION	25,757,890	25,623,560
B.5 _ REVALUATION	-	-
C. NON-DEDUCTIBLE EXPENSES (C1 :C13):	51,291,101	40,524,725
C.1. NON-DEDUCTIBLE EXPENSES	19,048	38,901
C.2. NON-DEDUCTIBLE TRAVEL EXPENSES	104,653	75,849
C.3. FIXED INTERMEDIATE CASH EXPENSES + VAT	64,660	444,299
C.4. CASH MATERIAL EXPENSES + VAT	165,497	34,226
C.5. NON-DEDUCTIBLE PROTOCOL + VAT	-	-
C.6. ADVERTISING COSTS + VAT	-	-
C.7. LOSSES FROM MISCELLANEOUS DEBTORS + VAT	51,371	-
C.8. SPONSORSHIP COSTS	160,000	-
C.9. ACCOUNTING DEPRECIATION EXPENSES	26,391,901	26,722,378
C.11. OTHER NON-DEDUCTIBLE EXPENSES WITHOUT VAT (H.J)	23,777,122	13,043,054
C.12. EXPENDITURE SOCIAL ACTIONS > 5%	-	-
C.13. OTHER NON-DEDUCTIBLE EXPENSES ACC.GO34/2009	556,849	166,018
C.14 REVALUATION	-	-
D. TAXABLE PROFIT IN RELATION TO LOSSES (A-B+C)	169,709,801	87,344,055
E. TAX PROFIT TO BE REPORTED	0	0
F. TAXABLE PROFIT (D-E):	169,709,801	87,344,055
G. INCOME TAX (F*16%):	27,153,568	13,975,049
H. SPONSORSHIPS DEDUCTIONS	160,000	279,501
I. BONIFICATION ACC.GO 153/2020, ART. (A	539,871	
J. INCOME TAX (G-H)	26,453,697	13,695,548

The final balance of the profit tax on 31.12.2022 is RON 12,732,948 and represents a debt to the state budget.

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Compared to the previous year, the increase in profit tax is due to the increase in profit as a result of the increase in sales both on the domestic market and on the foreign market. Non-taxable income includes cancellations of provisions for risks and expenses, depreciation adjustments of immovable and current assets that were no longer useful.

Other non-deductible expenses include: a) provisions for risks and expenses related to commercial disputes, labor disputes with employees, employee participation fund in the current year's profit whose payment is made the following year with the fulfilment of legislative conditions, compensations granted to former owners in the affected areas of the mining activity at the Ramnicu Valcea branch; b) depreciation adjustments of current assets (inventories, customers and various debtors) and fixed assets (tangible assets that have value remaining to be amortized at the end of the year and present an advanced degree of wear and tear and the procedure for removing them from service is about to be started, as well as those which are in conservation or out of exploitation); c) expenses with the provision for post-employment benefits according to IAS 19; d) expenses incurred for the maintenance of the well fields from the Ramnicu Valcea branch until the date of approval of the technical-economic documentation for the temporary cessation of the activity, e) expenses with the provision regarding the company's debt to the state budget established through a Fiscal Report composed of debit additional principal and increases and penalties for delay and non-declaration of the obligation. The company did not recognize the obligation and filed an appeal within the legal term.

Note 15 PROVISIONS

Note 15.1 SHORT TERM PROVISIONS

Statement of short-term provisions:	Balance as on 31.12.2022	Balance as on 31.12.2021
Provisions for litigation, compensation and other similar - short term	9,573,531	12,665,873
Other provisions - short term	18,900,705	2,888,041
Total	28,474,236	15,553,914

Details on provision-related transfers for 2022

Name of provisions	Balance as on	Carry-overs	Set-ups	Balance as on
	January 1 2022			December 31, 2022
1. Provisions for litigations	9,354,245	2,848,168	620,132	7,126,210
Labor disputes pending before law courts on the matter of changing the work category type at Bistrita Quarry, Vâlcea county, payment for overtime, etc.;	748,541	0	246,142	994,683
Provision regarding payments to third parties, suppliers with whom the company has lawsuits before the courts. During the year, the company won the lawsuit in which erroneously calculated penalties were requested.	8,605,704	2,848,168	373,990	6,131,524

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2. Provisions for environmental works and indemnifications	3,311,628	864,307	-	2,447,321
Indemnifications in relation to E.M. Râmnicu Vâlcea, at Bistrita Quarry	3,311,628	864,307	-	2,447,321
2. Provisions for the employees' share in the profit	2,757,000	2,757,000	6,227,000	6,227,000
4. Provision - the variable component (GO 109/2011), Directors and general manager	131,041	57,684	-	73,357
5. Provision for the payment of some budgetary obligations, additional debit established by the fiscal inspectors but not recognized by the company, as well as interests and late penalties calculated until 31.12.2022	-	-	12,600,348	12,600,348
Total general	15,553,915	6,527,159	19,447,480	28,474,236

At the end of the 2022 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.

The provision for labor disputes in the amount of RON 994,683 refers to disputes with employees for the granting of rights regarding the inclusion of the work group, finding a discriminatory situation, paying overtime for tourism activity, etc..

The provision for litigation regarding payments to third parties: at the end of the year, provisions were established in the amount of RON 6,131,524, consisting mainly of the litigation pending before the courts with the co-owner of the building located in Calea Victoriei (RON 4,777,592), with a former partner from whom a machine was purchased that is made available to him for some technical problems (RON 979,945) and with a former provider of security services (RON 373,990). Disputes are presented in detail in Note 25.5 Disputes. The resumption of provisions refers to cases resolved favorably in Court, and which no longer meet the recognition conditions.

Provisions for the establishment of the profit participation fund: the provision established for the participation of employees in the profit is calculated based on the provisions of the legislation specific to companies with majority/full state capital and of the Collective Labor Agreement, namely by applying a maximum percentage of 10% of the net profit, but without exceeding a legal ceiling of the average basic salary per company, established by Order of the Ministry of Finance.

In 2022, the amount of RON 2,757,000 related to 2021 was paid and for 2022 a provision was made in the amount of RON 6,227,000, at the level of the proposal of the Budget of revenues and expenses related to 2022.

Provisions regarding compensations to the former owners of existing buildings on the surfaces affected by exploitation - represents an assessment of the compensations to the owners affected by the exploitation activity of the E.M. branch. Râmnicu Vâlcea. In 2022, some compensations were paid, and no new lawsuits appeared before the courts. The company established the provision in the amount of RON 2,447,321.

Provision for the variable component of Directors and general manager: represents the variable component related to the year 2018 for a former general manager in the amount of RON 73,357, and the amount of RON 57,684 decreased the provision, because the company paid its obligations towards the members or former members of the Council of Administration during 2022.

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The provision regarding the establishment of an additional budgetary obligation by the tax inspectors, to which interest and penalties for delay and non-filing of the declaration are added, is in the amount of RON 12,600,348 (RON 8,440,645 of additional VAT and the difference of RON 4,159,703 are interest and penalties calculated up to 31.12.2022 based on the ANAF synthetic files sent. The company appealed.

Note 15.2 LONG-TERM PROVISIONS

	Balance as on 31.12.2021	Balance as on 31.12.2021
Decommissioning provisions for tangible assets	18,036,685	16,457,331
Decommissioning provisions for tangible assets - long term > 1 year	18,036,685	16,457,331

The provision for the dismantling and installation of tangible assets as well as the restoration of the site (PIIA) is in amount of RON 18,036,685 and is considered over a year because it refers to the exploitation period.

The legal basis of this provision is Common Order no. 202/2881/2348 of 2013 of ANRM/MMSC/ME.

At the end of 2022, the value of the provision for restoration costs was adjusted following the reanalysis of the works estimates.

The fiscal regime of this provision is that it is subject to amortization during the period of use of the exploitation licenses, from which the deductible expense is established based on the Fiscal Code within the limit of 1% applied to the exploitation result of the current year.

Note 16 EMPLOYEES' BENEFITS

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

	Balance as on 31.12.2022	Balance as on 31.12.2021
Employee benefits < 1 year	7,057,525	11,222,221
Debts related to employees > 1 year	15,500,765	9,783,417
Total IAS 19	22,558,290	21,005,638

Employees' benefits are determined through actuarial calculation and calculation assumptions in the Collective Labor 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 employees according to the CLA provisions;
- post-employment benefits representing the amounts payable by the company upon employee retirement, as per the CLA provisions.

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Note 17 NUMBER OF EMPLOYEES AND MANAGEMENT

Information concerning the employees:

The existing personnel structure on December 31, 2022, respectively December 31, 2021 by professional category of Societății Naționale a Sării S.A.:

Personnel categories

	<u>31.12.2022</u>	<u>31.12.2021</u>
TESA		
(<i>technical, clerical and administrative</i>) personnel	367	379
Workers, of which	1,091	1,078
working underground	497	481
Total employees	<u>1,458</u>	<u>1,457</u>

Information concerning the company's management.

Between 08.06.2021-08.12.2021, Ms. Prahoveanu Alina was general manager, appointed by Decision no. 18/04.06.2021.

Between 09.12.2021-17.02.2022 the general manager was Mr. Militaru Emil, appointed by Decision no. 34/02.12.2021.

Between 18.02.2022 - 18.08.2022 the general manager was Mr. Dobrea Constantin Dan, appointed by Decision no. 4/15.02.2022 and extended by additional Act no. 1/2022 to contract 956/17.02.2022.

Between 19.08.2022 - 19.12.2022 the was general manager was Mr. Dobrea Constantin Dan, appointed by Decision no. 23/02.08.2022 and extended by additional Act no. 1/2022 to contract 4540/12.08.2022.

At the end of the 2022 financial year, the position of general manager was occupied by Mr. Dobrea Constantin Dan, appointed on 20.12.2022, by Decision no. 36/12.12.2022 of the Board of Directors, with a mandate for the period of 20.12.2022 -20.02.2023. By Decision no. 2/31.01.2023, Mr. Dan Constantin Dobrea was appointed general manager, for the period 21.02.2023-21.06.2023.

Remunerations of the general manager, the SGA and BoD members:

In 2022, according to the mandate contracts, the Directors of the company benefited from a fixed monthly gross allowance, in the amount established by the GMS Decisions on the appointment of the Directors. The mandate contracts valid for 2022 do not contain the variable component. The Directors were provisionally appointed for a period of 4 months each with the possibility of an extension of 2 months.

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

The number of the members in the Shareholders' General Assembly and the Board of Directors:

- the shareholders' representatives in SGA - 2, pursuant to the mandates granted by the shareholders
- BoD members - 5 members, according to the provisions in the company's Article of Incorporation.

During 2022, no salary advances and credits were granted to any company employee. The company has no contractual obligations regarding the payment of pensions to former directors or administrators.

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For 2022, a provision was maintained in the amount of RON 131,041 representing variable components for the general manager and the members of the Board of Directors: RON 73,357 the variable component related to 2018 (general manager) and the amount of RON 57,684 the variable component related to the first semester of 2020, established by the decision AGM no 19/02.11.2021 (members of the board of directors).

Note 18.1 REVENUES

The revenues from sales include the following elements:

	For the exercise ended on:	
	31.12.2022	31.12.2021
Revenues from sales		
Revenues from the sale of finished products	457,915,884	312,535,400
Revenues from the sale of residual products	103,210	633,854
Revenues from other works and services provided	1,147,106	863,782
Revenues from sale of goods	6,627,014	27,657,101
Revenues from tourism services	37,001,061	27,403,773
Saleduct transport revenue	2,157,712	2,291,170
Revenue from various activities	933,338	452,230
Commercial discounts	(7,967,618)	(7,069,867)
Total	497,917,707	364,767,443

The revenues achieved in 2022 are obtained from sales operations on the internal and external market of the company's products (salt, limestone), from touristic activities and other commercial operations such as various transport services, repairs, cavernometry, etc.

The largest share in the structure of the turnover achieved from the sale of salt and non-metallic products is represented by the revenue from the sale of rock salt for snow removal.

Societatea Națională a Sării- S.A. produces and markets the following main groups of products: salt (gem, solution or liquid and recrystallized), limestone and other non-metallic, salt-based products (tablets, salt with spices, 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
- spare part manufacture and repair;
 - environment 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 recrystallized salt, micro-production;
- Revenues from residual products;
- Revenues from services rendered, sales of goods and other revenues from related activities.

The company obtains income from the sale of goods, through the warehouse attached to the headquarters ("headquarters" branch) and through the Ocna Mures branch, received through the transfer of finished products from the producing branches.

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For the correct reflection of the income from the sale of finished products, own products obtained as a result of the manufacturing processes, the company makes adjustments of income and expenses with impact in the accounting records.

Below are presented the data for the years 2021 and 2022 for comparability, because in 2021 in the accounting records, the revenues from the sale of goods were reflected in the accounts corresponding to the management of goods and not of finished products.

	2022	Revenues from the sale of finished products	Revenues from the sale of goods
Revenues registered by the Company		428,884,384	35,658,514
<i>Revenues corrections by type</i>		29,031,500	(29,031,500)
Adjusted revenues		457,915,884	6,627,014
	2021	Revenues from sales of finished products	Revenues from sales of goods
Revenues registered by the Company		312,535,400	27,657,101
<i>Revenue corrections by type</i>		20,196,651	(20,196,651)
Adjusted revenues		332,732,051	7,460,450
	2022	Changes in stocks: revenue/ <u>(expense)</u>	Expenses with goods
Expenses registered by the Company		7,992,408	(18,604,347)
Correction of expenditures by type		(14,939,295)	14,939,295
Adjusted expenditures		(6,946,887)	(3,665,052)
	2021	Changes in stocks: <u>revenue/ (expense)</u>	<u>Expenses with goods</u>
Expenses registered by the Company		2,363,737	(14,768,704)
<i>Expense corrections by type</i>		(10,052,219)	10,052,219
Adjusted revenues		(7,688,482)	(4,716,485)

NOTE 18.2 REVENUES PERTAINING TO COSTS WITH PRODUCTION IN PROGRESS

At the end of the financial year related to 2022, the change in stocks presents a significant decrease compared to the previous year, because the debit balance reflects in 2022 the decrease from management of finished products from the cancellation of records regarding the registration of goods management at the warehouse owned by the headquarters and at the Ocna Mures branch, and in 2021 they were reflected in the income and expense accounts regarding the inventory of goods.

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	31.12.2022	31.12.2021
Stock Variation	<u>(6,946,887)</u>	<u>2,363,737</u>

NOTE 19 OPERATIONAL EXPENDITURE

EXPENSES WITH RAW MATERIALS, CONSUMABLES AND GOODS

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

	For the year ended on
Expenses with raw materials, materials consumables and goods	31.12.2022
Raw material expenses	(1,916,114)
Expenses with auxiliary materials	(11,498,505)
Fuel expenses	(9,057,040)
Expenses for packaging materials	(11,556,791)
Spare parts costs	(3,154,900)
Expenses with other consumables	(819,986)
Expenses with inventory items	(1,464,117)
Expenses with non-stocked materials	(14,614)
Expenditure on goods	(3,665,052)
Packaging costs	(4,377,630)
Trade discounts received	12,416
Total	<u>(47,512,333)</u>
	For the year ended on
	<u>31.12.2022</u>
Personnel related expenditures	
Salary expenses	(121,502,131)
Salary expenses - court decisions	
Expenses with meal vouchers and vacation vouchers employees	(10,894,661)
Expenses related to participation of employees in profit	(2,757,000)
Reversal of 2021 provision for the salaried employees' share in the profit	6,527,158
Insurance and social protection expenses	(16,585,608)
Expenses with employee benefits IAS 19	4,320,981
Expenses with technical unemployment wages	-
Total	<u>(140,891,261)</u>

In the line Expenses with employee meal vouchers, vacation vouchers related to the year 2022 in the amount of RON 4,011,465 was also taken into account.

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	For the year ended on:	
<u>Depreciation and value adjustments</u>	31.12.2022	31.12.2021
Depreciation expenses	(26,391,902)	(26,722,378)
Value adjustments (expenses) regarding tangible and intangible assets	(3,699,794)	(377,000)
Value adjustments (income) regarding tangible and intangible assets	758,850	1,787,712
Income from subsidies for investments	10,125,499	9,495,852
Expenditure with the amortization of active rights of use	(1,137,808)	(1,137,798)
	(20,345,155)	(16,953,612)

The rights and obligations arising from the concession and rental contracts have been reclassified starting with 2019, to active use rights (in 2019 the concession contract between Ocnele Mari City Hall and SNS SA- Sucursala Exploatarea Miniera, and from 2020 the space rental - head office) for compliance with IFRS 16.

Note 20 SALES BY SEGMENT AND CUSTOMER

1. Evaluation of the activity of selling products and services

The company is organized, according to the commercial activities it carries out, in two revenue-generating centers: the sales activity of salt products and other non-metallic products (limestone). The activity of marketing products is carried out both at the level of the administrative headquarters and at the level of the branches, there are delimitations of attributions in terms of customer management. Thus, the sales staff at the level of the administrative headquarters conclude contracts with external customers, local "key accounts" type customers (including retail chains, large companies, etc.), with chemical compounds, C.N.A.I.R., as well as the organization and operation of the salt warehouse own. Contracts and sales of products internally to other categories of customers are carried out by the specialized sales staff in the branches, for territorial customers.

The largest share of the structure of the turnover achieved from the sale of salt and limestone products is represented by the income from the sale of rock salt for snow removal and salt for the chemical industry.

Revenues from the sale of salt for snow removal increased by approx. 53% (+74,498 thousand lei compared to the previous year), and those from the sale of salt for the chemical industry (solution salt) increased in 2022 by over 29.8% (+5,761 thousand lei) compared to the previous year).

On the domestic market, the company supplies food salt for direct human consumption and for the food industry, salt in solution and limestone for the chemical industry, lumps and briquettes for the livestock industry, tablets for softening water, industrial salt for snow removal. Revenues in 2022 increased by 28.77% mainly due to the high volume of snow removal salt sold.

On the foreign market, there was a 64.8% increase in income from the sale of salt, due to the increase in the volume of salt for snow removal sold to the Hungarian market (+34,984 thousand lei). The external market was ensured by the traditional customers from Hungary, Serbia, Slovakia, Bulgaria and Republic of Moldova, small quantities being exported to other countries as well, such as Ukraine, Austria, Bosnia and Herzegovina.

The distribution of these products is done through the company's sales warehouses and the sales departments of the branches.

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Sales in 2022 increased compared to 2021:

- salt for snow removal, there was an increase in revenues by RON 74,498 thousand.
- solution salt and rock salt for the chemical industry recorded an increase in revenues by RON 7,706 thousand
- food salt registered an increase in revenues by RON 48,445 thousand

Limestone in 2022 vs 2021 had a quantitative decrease of over 51%, a value decrease of 65.29% respectively determined by the cessation of deliveries to Chimcomplex starting with August 2022.

The evolution of SNS deliveries in the period 2021-2022

The evolution of the quantity of products delivered and of the sales revenues achieved by the company:

Indicator	M.U	2021	2022	(%)
Quantity of delivered products, of which :	to	1,835,712	1,659,734	-9.59%
- domestic market		1,379,779	1,042,241	-24.46%
- foreign market		455,933	617,493	35.44%
Value of products delivered, of which :	thsnd lei	331,227	460,423	39.01%
- domestic market		237,151	305,387	28.77%
- foreign market		94,076	155,035	64.80%

The comparative situation of the revenues obtained from the commercialization of the main groups of products:

	Value (thsnd lei)			Quantity (ton)		
	2021	2022	%	2021	2022	%
TOTAL - of which:	331,227	460,423	39.01%	1,835,712	1,659,734	-9.59%
LIMESTONE	14,299	6,943	-51.45%	447,219	155,216	65.29%
SALT SOLUTION	19,328	25,089	29.81%	325,078	293,479	-9.72%
SALT FOR SNOW REMOVAL	140,885	215,383	52.88%	500,659	634,001	26.63%
ROCK SALT PT IND CHEMICAL	87,370	89,315	2.23%	426,742	389,077	-8.83%
OTHERS	69,344	123,692	78.37%	136,014	187,960	38.19%

The activity of tourism

Total revenues from tourism activity in 2022 (tourist services and sale of goods) were RON 46,850 thousand, representing a 30% increase compared to 2021 (RON 36,014 thousand). The increase in income is due to the increase in the average income/visit (entrance) free from RON 29.98 to RON 38.53, under the conditions of a reasonably equal number of registered visits.

The share of tourism revenues in the company's turnover in 2022 recorded the level of 9.41% compared to 9.87% in 2021.

The expenses related to the tourism activity, in the amount of RON 33,677 thousand, were 13.11% higher than those achieved in the previous year (RON 29,775 thousand), but the gross profit in 2022 remained at RON 13,173 thousand compared to RON 6,239 thousand registered in 2021.

	2022	2021
Turnover (tourism services and sale of goods) (thousand RON)	46.850	36.014
The share of tourism revenues in the company's turnover (%)	9,41%	9.87%

Every year the company organizes and implements different consultation initiatives with internal and external stakeholders, such as events with the local community within the tourist salt mines.

The events in which the company participates as a partner, organizer, or host, aim to develop and consolidate partnerships/collaborations with local public administration institutions, as well as with other organizations, with the aim of promoting domestic tourism, specific products and local traditions.

Note 21 OTHER OPERATING INCOME

	For the year ended	
	31.12.2022	31.12.2021
Other operating revenues		
Income from royalties and rents	181,786	164,061
Income from operating subsidies - technical unemployment	0	15,894
Income from compensation, fines, and penalties	651,496	232,908
Income from the sale of assets and other capital operations	0	18,525
Other operating revenues	603,112	2,225,092
Total	1,436,394	2,656,480

Note 22 OTHER OPERATING EXPENSES

Other operating expenses include the following elements

	For the year ended on:	
	31.12.2022	31.12.2021
Energy and water expenses	(28,670,385)	(11,979,681)
Maintenance and repair expenses	(2,519,389)	(1,747,338)
Expenses with rents, management and royalties	(333,098)	(335,552)
Mining royalty expenses	(7,443,042)	(6,914,035)
Insurance premium expenses	(219,533)	(253,139)
Study and research expenses	(126,947)	(229,969)
Professional training expenses	(192,515)	(96,674)
Expenses regarding commissions and fees	(17,357)	(72,624)
Advertising and advertising expenses	(256,274)	(26,537)
Protocol expenses	(77,093)	(52,522)
Expenses for transporting goods and people	(42,660,943)	(47,052,429)
Travel expenses	(676,787)	(636,062)
Postal expenses	(508,132)	(490,650)
Banking services expenses	(458,764)	(292,711)
Other expenses with services performed by third parties	(9,562,556)	(8,977,942)
Security costs	(4,774,979)	(3,777,041)
Maintenance expenses and technical operation of the alcohol	(131,706)	(137,079)
Expenditures for real estate revaluation services	0	(125,000)
Advertising expenses	(29,021)	(13,218)
Expenses with customs formalities	(51,525)	(12,175)
Expenses with other taxes and fees	(4,892,162)	(3,794,680)
Expenses from revaluation of tangible assets	0	(58,000)

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Environmental protection expenses	(312)	(30)
Expenses with increases and penalties	(20,691)	(51,020)
Sponsorship expenses	(160,000)	0
Expenditure on fixed assets	(54,614)	(373,360)
Expenditures for establishing geological fund	(26,488,886)	(19,304,493)
Expenditures share of SNS management	10	0
Other operating expenses	(833,885)	(361,731)
Value adjustments (income) regarding receivables	204,987	4,146,904
Losses from receivables and various debtors	(56,184)	0
Value adjustments (expenses) regarding stocks	(1,745,484)	(263,320)
Adjustments regarding provisions (expenses)	(19,447,480)	(11,585,210)
Exchange rate differences (expenses)	(1,968,092)	(252,998)
Exchange rate differences (income)	2,019,683	1,190,606
TOTAL	(152,153,158)	(113,929,709)

Note 23 FINANCIAL ACTIVITY OUTTURN

	For the year ended on:	
	31.12.2022	31.12.2021
Financial result		
Interest income	10,620,935	2,160,977
Interest expenses	(528,332)	(462,312)
Other financial revenues	13,277	12,468
Other financial expenses	(6,312)	3,309
Total	10,099,567	1,714,441

Note 24 FISCAL LEGISLATIVE FRAMEWORK

The taxation system in Romania is undergoing a process of consolidation and harmonization 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.

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Its impact cannot 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 as 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 of December 31, 2022, 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 favor 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 05.10.2022, the company concluded with CNAIR S.A. contract no. 92/6403, pursuant to which it had to take out a performance bond, amounting to RON 12,330,000, issued by BCR and valid until 30.03.2023.

Note 25.3 ENVIRONMENTAL CONDITIONALITIES

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

By branch, the environmental obligations relate to:

Ocna Dej Saltworks - the activity regarding environmental protection is regulated according to Environmental Authorization no. 213/25.11.2019, valid for the entire period in which the beneficiary obtains the annual visa (obtained in 2022 by APM Cluj Decision no. 653/19.09.2022) and the Water Management Authorization no. 30/CJ/06.04.2022 (valid until 06.04.2025), documents issued by the environmental authorities, in accordance with the legislation and regulations in force.

The environmental works scheduled and carried out in 2022 at Ocna Dej salt works are:

- monitoring environmental factors, services, training, tax to the environmental fund, waste disposal.
- works of backfilling excavations, water management, works to restore vegetation, monitoring of restoration works;

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Praid Saltworks - the activity regarding environmental protection is regulated according to Environmental Authorization no. 179/23.11.2011, revised on 23.11.2021, annual visa obtained by Decision of APM Harghita no. 582/11.11.2022 and Water Management Authorization 290/04.08.2022 amending authorization no. 408/01.11.2019 (valid until 01.11.2024), documents issued by the authorities in the field, in accordance with the legislation and regulations in force.

The environmental expenses made at Salina Praid in 2022 are mainly represented by:

- waterproofing works of the old premises - liquidation of the suffusion voids, cleaning of drains and related drainage works, arrangement of the Varga and Saros drainage gallery (deposit protection), consolidation of the roof foundation of the Iosif well, maintenance of the guard ditch around the Elisabeta pit;
- execution of chemical analyzes on water samples by an authorized laboratory - S.C. Wessling Romania Tg. Mures;
- "Romanian Waters" contributions to the Mures Water Directorate for mine water pumped from underground jumps;
- expenses with a financial guarantee for the restoration of the environment;
- rehabilitation of the circulation compartment up to the balconies of the old Paralela mine in the Ghe. Doja shaft;
- rehabilitation of access gallery phase I (following the infiltration of 23.07.2022).

Cacica Salt works - in 2022, the activity regarding environmental protection was carried out according to Environmental Authorization no. 400/08.10.2021, annual visa obtained by Decision of APM Suceava no. 724/05.10.2022, as well as Water Management Authorizations 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 Salina Cacica in 2022:

- modernization of the technological networks for the water supply of wells;
- Work for the investment objective "Ensure purified brine stock to avoid soil contamination" - Vas TK 204.

Slanic Salt works - the activity regarding environmental protection is regulated according to Environmental Authorization no. 104/05.06.2019, revised on 24.04.2020 valid until 05.06.2024 - annual visa obtained by APM Prahova Decision no. 437/06.04.2022 and according to Water Management Authorization no. 200/02.11.2021, valid until 31.10.2024.

Salina Slanic made environmental expenses in 2022 for:

- environmental analysis - monitoring of environmental factors (wastewater, burnt gases, dust, noise);
- water management services;
- sanitation services;

Targu Ocna Salt works- in 2022, the activity regarding environmental protection was regulated as follows

- At the Fetele Targului Perimeter - rock salt extraction: according to Environmental Authorization no. 211 /25.11.2020, the annual visa obtained by the Bacau APM Decision no. 463/08.09.2022;
- At the Gura Slanic Perimeter - salt solution: according to Authorization no. 51/08.04.2021, annual visa obtained by APM Bacau Decision no. 80/18.02.2022;
- Water Management Authorization no. 40/02.03.2022 is common for both exploitation perimeters, valid until 02.03.2027.

Mainly, the environmental works carried out in 2022 aim at:

- Evacuation of accumulated water in the Old Moldova Mine;
- Monitoring the instability phenomena related to the exploitation of the Fetele Targului deposit - Trotus Mine. Measures to reduce them and the influence on the exploitation of the deposit in safe conditions for workers and equipment;

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- Carrying out determinations of chimney emissions at the thermal power plant Salina Tg. Ocna for: Sox, Nox, O₂;
- Fencing of dangerous areas in the Ocnelor Vechi area;
- Maintenance, repair and development of the surface water collection and drainage system (canals, gutters, ditches);
- Monitoring of the quality indicators of the waste water discharged into the city sewerage network;
- Carrying out cavernometric control operations at wells;
- Maintenance and cleaning of access roads, well work platforms and their enclosures;
- Carrying out analyses for the waters from the three hydro-observation boreholes, upstream and downstream of the well field on the Slanic stream and the Trotus river: chlorides, extractable substances, hydrogen sulfide, sulphates, calcium, sodium, pH, filter residue and sulfides;
- Monitoring of Groapa Burlacu through bathymetry study;
- Tracking the instability phenomena related to the exploitation of the Gura Slanic deposit through precision topographical measurements. Recording in the register, the existence of all the changes that occurred in the configuration of the surface.

Mining Rm. Valcea - the activity regarding environmental protection is regulated according to the environmental authorizations:

- Ocnele Mari Salt works - Environmental authorization no. 87/08.06.2020 (annual visa obtained by APM Valcea Decision no. 283/07.06.2022).
- Bistrita limestone quarry: Environmental authorization no. 67/23.05.2019, revised on 15.12.2020, valid for the entire period in which the beneficiary obtains the annual visa (annual visa obtained by APM Valcea Decision no. 93/07.03.2022).
- Sector of salt in solution Ocnita - Lunca - Field III and IV of Wells and Mechanical Workshop Ocnita - Lunca - Environmental authorization no. 109/05.08.2019, valid: 04.08.2024 (annual visa obtained by APM Valcea Decision no. 306/20.06.2022).

The main environmental works carried out at EM Rm. Valcea consist of:

- Monitoring of environmental factors in Bistrita Sector and Ocnele Mari Sector;
- Cavernometric investigations in Field III and Field IV of wells - Ocnita Lunca sector, rental services for maneuvering installation, drilling and torpedoing of well columns.

Ocna Mures Saltworks - considering the fact that the saltworks is temporarily suspended, the Alba Environmental Protection Agency found that the activities related to the CAEN codes for which the authorization is wanted, are no longer carried out, so it establishes that the authorization must be re-obtained at the time of the resumption of activity (Address APM Alba no. 7847/16.07.2019).

Environmental works carried out at Ocna Mures Saltworks in 2022:

- Maintaining the elevation in the lakes at +254 m by pumping (the Cosbuc pump and the pump from the S104 probe)
- Follow-up by topo measurements of the surface deformations in the perimeter of influence of the underground excavations - Ocna Mures perimeter and Razboieni perimeter;
- Water analysis of hydroobservation boreholes S208 and S209;
- Tracking through topo measurements of the area adjacent to the crumbling cone produced in 2010 at Ocna Mures.

During 2022, 4 events were registered at the branches of SNS SA, as follows:

- **SEM Rm. Valcea** - three breakdowns on the aqueduct route that is located on the public domain, on which a dissolving agent with a concentration of 220 g/l NaCl is transported, produced on the dates of 02.06.2022, 03.06.2022 and 12.07.2022.

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In order to solve the emergency situations, emergency intervention teams were mobilized on the spot, which carried out excavation works (where applicable) and remediation of the damaged metal pipe. The local environmental authorities did not apply sanctions, but in the case of two of the events (on 03.06.2022 and on 12.07.2022) compensation requests were received from the owners whose lands and crops were affected by the leaked brine on their private properties. For all 3 requests for compensation, extrajudicial technical expertise was carried out to quantify the value of the damage caused to the crops affected by the brine. Up to this moment, two of the compensation requests have been submitted to the BoD for approval.

Damage to the brine and dissolving agent transport network from SEM Rm. Valcea to Chimcomplex and return occurs with a fairly high frequency, given the advanced degree of wear of the metal pipes. In order to prevent possible accidental pollution of environmental factors and the damage to the lands/crops/even the houses of the owners in the vicinity, for which SNS SA will have to pay compensations, according to the "polluter pays" principle or sanctions to the environmental authorities, it is necessary to modernize the pipelines technological transport of the brine and the dissolution agent (continuation of the investment objective). The work appears in the Investment Program for the year 2023, being a further objective.

- *Praid branch* - an event of a geological nature, which also has an indirect (minimal) impact on the environment - classified by LTO as a dangerous incident: the infiltration of water and clay-marly material from 23.07.2022, produced in the main inclined plane of car transport in the salt works. At the time of the event, the representatives of the branch intervened by cleaning operations of the material that entered the access gallery, which also disrupted the tourist activity, the tourists being evacuated from the underground.

The water was removed by continuous pumping and emptying, operations that are still being carried out today. The extracted and discharged water is removed under control with the approval of the Romanian Water Agency (in time intervals and quantities established by the authority) in the Tarnava Mica natural emissary, based on the subscription that Praid Salt works had already signed with the Mures Water Basin Administration, according to the Authorization of water management, for the discharge of mine waters from underground pits. The discharge into the natural emissary was the reason why the event was classified as having an impact on the environment, although it can only be a matter of a minor indirect impact on the environment, the discharge being carried out with the consent of AN Apele Romane, given that the Branch holds the mentioned subscription above and pay the fee for the discharged debits (in a controlled manner).

Between July and September 2022, the first emergency works were carried out to liquidate the damage, according to the Technical Project "Emergency liquidation of the damage to the main access gallery - Salina Praid" (2 phases). Works were carried out: temporary support of the infiltration chimney to stop the penetration of wetted sterile material and stabilize the wall and ceiling in the infiltration portion; resin injections in the infiltration chimney and the hearth of the gallery; the catchment/evacuation network of infiltration waters downstream in isolated and concreted collecting basins, equipped with pumps, transverse gutters for capturing water pipes, etc.; concrete profile with vaulted ceiling in the damage area (walls and ceiling); partial remediation of the hearth of the gallery downstream of the infiltration area. At the same time, the technical expertise regarding the "Evolution of water and marly material infiltration from the central area of the main inclined plane of road transport from Salina Praid" was developed by SC Fanis SRL, a series of measures, monitoring and geological works being necessary.

The event was investigated by Harghita Territorial Labor Office, which considered it a dangerous incident, according to investigation report no. 10131/CSSM/07.11.2022, by which measures were also ordered to prevent other similar events, with the obligation to report to the TLO how they were carried out.

According to the details of the branch, for geological - technical, hydrogeological, and partially tectonic reasons and contrary to all the measures taken up to now and which will be taken in the future, such events can occur at any time and at any salt works.

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The branch proposed as absolutely necessary measures and works for 2023: the achievement of the investment objective "Liquidation of the damage in emergency mode at the main access gallery - Salina Praid - Phase 2", respectively the completion of the work according to the technical execution project, developed by SC Dacitrom SRL. The objective appears in the Investment Program for the year 2023 - further objective.

Note 25.5 LITIGATIONS

The company, acting as defendant, is a party to litigations on matters such as employees' 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

On 31.12.2022, the company has a claim on the **Oltchim Chemical Compound** in the amount of RON 21,682,326, which also includes stamp duty in the amount of RON 33,372. Since Oltchim is in bankruptcy proceedings, out of the total debt of RON 24,990,013, the company issued a VAT adjustment invoice in the amount of RON 3,341,060 in accordance with the provisions of the Fiscal Code.

2. The litigation with Lidl Imobiliare Romania Management SCS and Lidl Discount SRL

The amount in dispute is RON 8,494,701.70 representing damages due to the destruction of the land owned by the plaintiff Lidl Imobiliare Romania Management SCS and the total destruction of the former Plus supermarket, located in Ocna Mures. The request for summons was filed against both the company and Ocna Mures City Hall, in 2012. Fondul Proprietatea, which filed a request for intervention in the interest of SNS SA, invoked an exception of illegality of the building permit and the decisions of the Ocna Mures Local Council by which the detailed PUD Urban Plan of the Plus store was approved. The exception of illegality was admitted in part, definitively (on 08.04.2021), the building permit being cancelled. Currently, the file is suspended for the separate trial of an exception of illegality of an administrative act issued by the defendant Ocna Mureş City Hall, exception raised by SNS S.A. and which form the subject of file no. 6637/3/2023.

3. The litigation with the co-owner of Victoriei Avenue real estate property

Civil file with the object of the tortious liability claim (the repair of the damage that will be determined based on the technical and evaluation expertise, caused to the building located in Bucharest, Calea Victoriei no. 220, sector 1, by the defendant SNS SA failure of the obligation to preserve and of maintenance the part of the building that it owns as a property). At the court's date on 26.01.2022, as a result of the technical expertise ordered by the court, the plaintiff specifies the value of the damage to which SNS SA will be obliged in the amount of RON 4,777,592, the equivalent of the amount of Euro 965,171, established by the Technical Expertise Report judicial in the field of construction drawn up by technical expert Eng. Rodica Enescu, for the ruin of the edifice of the building located in Bucharest, Calea Victoriei no. 220, sector 1. The file is in the first instance with a trial date of 10.05.2023.

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4. 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 Euro 212,500, 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 guaranteed instrument execution date to the repayment of the withheld amount

The court ordered the SNS's obligation to carry out the final reception of Shearer no. 1 to the supplier of the amount of euro 212,500 representing the counter value of guarantee letter no. 1331/G/2016 executed by the company on 26.10.2018 and upon payment of the legal penal interest calculated from 26.10.2018 and until the restitution of the entire amount. Against the substantive sentence, SNS SA filed an appeal and requested the court to order by the decision it will pronounce the admission of the appeal, with the consequence of the rejection of the request for summons made by ELTEMES Sp. Z.o.o. as well as the admission of the counterclaim formulated by SNS SA as legal and well-founded. Brief solution in the appeal: Reject the appeal as unfounded. With appeal within 30 days from the communication that is submitted to the Bucharest Court of Appeal. Against Civil Decision no. 2091/26.11.2021 SNS SA filed an appeal and requested the court to quash the appealed decision and resend the case for resolution to the Bucharest Court of Appeal, Civil Section, related to the grounds of appeal based on art. 488 point 3, point 6 and 8 NCPC. The appeal is registered before the Supreme Court of Cassation and Justice and is currently in the filter procedure.

5. Litigation with ANAF regarding the royalty due 2014-2017 and other debts

Following the audits of the Court of Accounts and ANAF, the additional royalty and accessories for the years 2014-2017 were calculated, in the total amount of RON 58,180,318 (RON 37,976,742 royalty, RON 11,243,586 interest and RON 8,959,990 penalties) an additional profit tax and accessories in the amount of RON 916,471 is added. ANAF decision no. F-MC 33/26.02.2019, by which these debts were established, was contested in the internal administrative procedure at ANAF and also at the court, being the subject of file no. 4714/2/2019. Subsequently, ANAF resolved the SNS appeal through ANAF Decision no. 2621/09.12.2022 by which it maintained the debit related to the royalty in the total amount of RON 58,180,318. This ANAF settlement decision was not contested by the company regarding the royalty, thus, in file 4714/2/2019 with ANAF, the amount in dispute remained at the value of RON 916,471 (the difference in profit tax and accessories).

Note 26 AFFILIATED PARTIES

Societatea Națională 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	
	2021	2022	2021	2022
CFR Marfa	-	-	19,154,935	18,830,543
C.N.A.I.R.	102,742,433	100,324,696		

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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 Board of Directors and the Top management is presented Note 1, General information. The remuneration granted to the Board of Directors and the Top management, as annual wages for the administrator and the general manager positions, is presented in the table below, (IAS 24):

Description	31.12.2022	31.12.2021
Remunerations	710,544	626,146
Taxes and social fees	15,987	14,088
Other benefits		
	<u>726,531</u>	<u>694,753</u>

Note 29 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Loans and receivables	
	31.12.2022	31.12.2021
ASSETS		
Trade and similar receivables (without 471)	83,773,682	65,047,795
Cash and cash equivalents	341,112,298	251,719,654
Total	<u>424,885,980</u>	<u>316,767,449</u>
	At amortized cost	
	31.12.2022	31.12.2021
LIABILITIES		
Trade and other payables (without 472)	71,480,301	52,902,347
Total	<u>71,480,301</u>	<u>52,902,347</u>

The Board of Directors 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 resulting 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.

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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 of December 31, 2022:

Financial assets	Net accounting value	
	31.12.2022	31.12.2021
Trade and similar receivables	83,773,682	65,047,795
Cash and cash equivalents	341,112,298	251,719,654
Total	424,885,980	316,767,449

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 fluctuating on account of changes in the foreign exchange rates (foreign exchange risk) or other risk factors (the price risk or other events).

The foreign exchange risk

The company is primarily exposed to the foreign exchange risk in the context of sales of goods for 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 of December 31, 2022, the Company's net exposure to the foreign exchange risk reached the following levels:

	RON	EUR Equiv RON	USD Equiv. RON
31 December 2022 Monetary assets			
Trade and similar receivables	74,392,676	9,381,006	
Cash and cash equivalents	288,519,393	52,546,988	45,917
Monetary liabilities			
Trade and other payables	71,480,033	268	
Loans	1,213,522		
Net exposure	290,218,513	61,927,726	45,917

	RON	EUR Equiv. RON	USD Eqiov. RON
31 December 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	

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Loans	2,436,781		
Net exposure	196,328,053	65,056,910	43,358

The average foreign exchange rates throughout 2022 and the spot exchange rates as of December 31, 2022 were the following:

	Average annual exchange rate	Closing rate
	2022	31.12.2022
EUR / USD	1,0518	1,0675
LEI/EUR	4,9313	4,9474

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

	Average annual exchange rate	Closing rate
	2021	31.12.2021
EUR / USD	1,1820	1,1320
LEI/EUR	4,9204	4,9481

The sensitivity analysis - 2022

A 10% appreciation of the RON in relation to the EUR and the USD as of December 31, 2022 would determine a profit increase/(decrease) with the amounts in the table below. This analysis shows 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
(4.4527)	(6.192.826)

A 10% depreciation of the RON in relation to the EUR and the USD as of 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
4.4527	6.192.826

The sensitivity analysis - 2021

A 10% appreciation of the RON in relation to the EUR and the USD as of December 31, 2020 would determine a profit increase/(decrease) with the amounts presented 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 RON in relation to EUR and USD on December 31, 2021 would have an opposite effect, equal in value to the amounts presented above, if all other variables remain constant.

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Increase/(decrease) in profit for the period as a result of USD appreciation	Increase/(decrease) in profit for the period as a result of EUR appreciation
4.3358	6.505.629

The interest rate risk

The interest rate risk is the 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 with cash flows generated by variable-interest financial instruments. The interest rate risk is primarily associated with long-term financial instruments.

Exposure to 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.

31 December 2022	Interest-bearing		Not-interest
	Fix	Variable	bearing
Trace and similar receivables			83,773,682
Cash and cash equivalents	247,464,000		93,648,298
Total assets	247.464.000		177.421.980
Trade and other payables			71,480,301
Loans	1,213,522		
Total liabilities	1,213,522		71,480,301
Total exposure			353,405,679

31 December 2021	Interest	bearing	Not-interest
	Fix	Variable	bearing
Trade and similar receivables			- 65,047,795
Cash and cash equivalents	151,547,000		100,172,654
Total assets	151,547,000		165,220,449
Trade and other payables			52,902,347
Loans	2,436,781		0
Total liabilities	2,436,781		52,902,347
Total exposure			263,865,102

The liquidity risk

The liquidity risk is associated with 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.

	31.12.2022	31.12.2021
Assets		
Monetary assets in RON	288,519,393	251,666,006

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Monetary assets in EUR	52,546,988	65,058,085
Monetary assets in USD	45,917	43,358
Total	341,112,298	316,767,449
Liabilities		
Monetary liabilities in RON	71,480,033	55,337,953
Monetary liabilities in EUR	268	1,175
Monetary liabilities in USD	71,480,301	55,339,128
Monetary position in RON	217,039,360	196,328,053
Monetary position in EUR	52,546,720	65,056,910
Monetary position in USD	45,917	43,358
	269,631,997	261,428,321

The Company's policy regarding liquidity risk provides for the maintenance of sufficient liquidity resources to be able to pay its obligations that have become due.

The table below presents the contractual maturities of financial liabilities:

31 December 2022	Up to 3 months	Between 3 and 12 months	Beyond 1 year
Trade and other payables	71,480,301		15,725,563
Loans	0	195,363	1,018,160
TOTAL	71,480,301	195,363	16,743,723

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

Bank liquidity - The company has open accounts and collaborates with the following banking units: Raiffeisen Bank, BCR, BRD, Banca Transilvania, CEC Bank, Exim Bank, Vista Bank and the Treasury of the Municipality of Bucharest.

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 organizational behavior. 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.

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As of December 31, 2022, 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 2022, drawn up by Societatea Națională a Sarii S.A., represent the first set of the company financial statements drawn up in accordance with IFRS.

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 (RON 27.751.645)
- 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	31.12.2014
Surplus from land revaluation	16,394,911
Surplus from revaluation of buildings	25,397,174
Surplus from revaluation of equipment, technical supplies And means of transport	9,412,465
Surplus from revaluation of furniture, office equipment and protection equipment	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*” (RON 51,256,001 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

The company was periodically subject to audits by the Court of Accounts, through which debits were calculated regarding the recovery of expenses from legal and natural persons, including former employees. For the implementation of the measures and recommendations, the company initiated actions in court with the aim of clarifying and recovering them. In terms of the relevance of the values, at the end of the 2022 financial year, they are considered contingent assets:

3,358,029	Litigation regarding non-calculation penalties to Oltchim, file 18580/3/2019;
1,522,688	Enforcement appeals to enforcement files regarding claims to oblige a director and some employees of the Ocna Dej branch;
824.918	Litigation regarding the recovery of sums from various suppliers of Salina Slanic, based on CCR Decisions
778.892	Civil patrimonial liability action of a former general manager, based on a CCR Decision
578,714	Actions for patrimonial liability of some employees from the Slanic branch
379,846	Headquarter' rent dispute, file 8809/3/2020;
136,279	File 18408/3/2019 regarding the claims for the obligation of some former directors regarding the damage caused to the company in the case of unrecovered petrol excise duty based on an excise issued by the CCR;
101,319	Actions in patrimonial liability of some former general directors, based on the Decisions of the CCR

Also, the company registers uncollected receivables in the relationship with the client Oltchim entered into the bankruptcy procedure and for which, the company requested the VAT adjustment related to the invoices for the delivery of uncollected goods:

3.341.060 VAT deducted based on opening the Oltchim bankruptcy

32.2 CONTINGENT LIABILITIES

On 31.12.2022 the company is involved as a defendant:

- in litigation with Lidl Imobiliare Romania Management SCS and Lidl Discount SRL having a significant value of 8,494,701.70. On 15.02.2023, the exception of illegality of the demolition permit was admitted and the administrative litigation section was notified;
- In litigation in file 35700/3/2017 with the object of civil tort action with the co-owners of the building in Calea Victoriei, no. 220, sector 1, Bucharest, in the amount of RON 831,163, equivalent to Euro 168,000. On 31.12.2022, it appears with a favorable solution for the SNS.

The company was involved in litigation with the Court of Accounts, respectively ANAF, regarding the calculation of the mining royalty related to the years 2010 - 2013, respectively 2010 - 2012, both resolved during 2020. Thus, the litigation between the company and the Court of Accounts was definitively lost by the company, through the decision pronounced by the court in February 2020. Later, as a result of the control carried out in 2020, the Court of Accounts issued in October 2020 a follow-up report by which it found that the measure regarding the mining royalty related to the years 2010 - 2013 is unfulfilled. On the other hand, ANAF resolved the appeal filed by the company regarding the mining royalty related to the years 2010 - 2012 and canceled the tax decision for the amount of RON 50,119,117, returning to the company in September 2020 the amount of RON 38,102,686 (representing royalties and interests) paid by the company following the initial imposition decision of ANAF. In 2022 CCR and ANAF carried out new controls, addressing other aspects/periods, we mention that in the results of these controls there were no references to the above aspects regarding royalties for the period 2010 - 2013. The Company's management considers that there is no risk of potential debts generated by the circumstance presented above.

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NOTE 33 SUBSEQUENT EVENTS

In the period 07.03.2022-20.02.2023, tax inspectors from the General Directorate for the Administration of Large Taxpayers Bucharest (D.G.A.M.C) carried out a tax audit at the company's registered office, work point in Splaiul Unirii no. 76, based on service order no. 153/04.03.2022 issued with the following legal basis (Chapter I point 3 of RIF: *"Title VI, Chapter I of Law 207/2015 on the Code of Fiscal Procedure, with subsequent amendments and additions"* for fiscal verification related to the period: 01.01.2018 - 31.12.2020.

The period subject to the fiscal inspection was 01.01.2018-31.12.2020 for the following types of taxes and fees:

1. Profit tax
2. Mining royalties
3. Value added tax

After the end of 2022, the Fiscal Inspection Report was issued on 27.02.2023, based on which:

- **Decision F-MC-60/27.02.2023:** decision regarding the non-change of the tax base - for the profit tax and the mining royalty by which no additional payment debits were established for the period 2018-2020.

- **Decision F-MC-59/27.02.2023:** tax decision regarding the main fiscal obligations related to the differences in the taxation bases established within the fiscal inspections of legal entities - for the value added tax through which an additional debit was established for the company in the amount of RON 8,440,645 representing VAT deductible at the company and not allowed for deduction by the tax inspectors during the control for the period 2018-2020.

The company filed an appeal requesting the A.N.A.F to cancel the Decision regarding the main fiscal obligations related to the differences in the tax bases established in the framework of the tax inspection for legal entities, no. F-MC-59 issued on 27.02.2023, cancellation of the main non-deductible VAT debit presented in the Decision, in the amount of RON 8,440,645, cancellation of the subsequent debit penalty for delay/non-declaration of the main debit and cancellation of the subsequent debit interest related to the main debit.

Director
By General Manager
Constantin Dan Dobrea

Economic Manager
Laura Chiorean