

**SIF Muntenia SA**

**Interim Financial Statements  
on September 30th, 2021**

Prepared according to  
Norm no. 39/2015 for the approval of the  
Accounting Regulations in compliance with  
the International Financial Reporting  
Standards, applicable to the entities  
authorized, regulated and supervised by the  
Financial Supervisory Authority in the  
Financial Instruments and Investments  
Sector

**UNAUDITED**

## Content

Interim financial statements	
Profit or loss statement and other items of comprehensive income	1 - 2
Statement of financial position	3
Statement of changes in equity	4 - 5
Cash flow statement	6 - 7
Notes to the interim financial statements	8–53

## Profit or loss statement and other comprehensive income

*for the financial period ended September 30th, 2021*

<i>In LEI</i>	<i>Note</i>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
<b>Income</b>			
Dividend income	6	52,903,089	29,439,429
Interest income	7	918,844	1,315,708
Other operating income		2,000	-
<b>Gain on investment</b>			
Net gain from foreign exchange rate differences		506,988	172,531
Net gain / (Net loss) on financial assets at fair value through profit or loss	8	173,622,208	(38,140,702)
<b>Expenses</b>			
Net income from reversal of adjustments for depreciation of assets	9	-	795,288
<b>Administrative Expenses</b>			
Management fees	2. 3	(21,071,534)	(14,109,474)
Expenses on remuneration of members of the Board of Shareholders' Representatives and with staff salaries	2. 3	(335,641)	(355,187)
Other operating expenses	10	(2,886,282)	(3,088,573)
<b>Profit / (Loss) before tax</b>		<b>203,659,672</b>	<b>(23,970,980)</b>
Corporate tax	11	(8,121,470)	(239,926)
<b>Net profit / (Net loss) of the period</b>		<b>195,538,202</b>	<b>(24,210,906)</b>
<b>Other elements of the comprehensive income</b>			
<b>Items that cannot be reclassified to profit or loss</b>	<b>or</b>		
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax		166,865,698	(67,790,130)
Reserve for financial assets at fair value through other elements of the comprehensive income transferred to the result earnings		(13,664,603)	(553,429)
<b>Other elements of the comprehensive income</b>		<b>153,201,095</b>	<b>(68,343,559)</b>
<b>Total comprehensive income for the period</b>		<b>348,739,297</b>	<b>(92,554,465)</b>
<b>Earnings per share</b>			
Basic	20	0.2492	(0.0309)
Diluted	20	0.2492	(0.0309)

## **Profit or loss statement and other comprehensive income**

*for the financial period ended September 30, 2021*

The financial statements were authorized for issue by the Board of Directors on November 12, 2021 and signed on its behalf by SAI Muntenia Invest S.A., administrator of SIF Muntenia SA, through:

ADMINISTRATOR,  
SAI MUNTENIA INVEST S.A.  
Nicușor Marian BUICĂ  
CEO

DRAFTED,  
SAI MUNTENIA INVEST S.A.  
Irina MIHALCEA  
Chief Accountant

The notes on page 8 to page 53 are an integral part of the interim financial statements.

# Statement of financial position

on September 30, 2021

<i>In LEI</i>	<i>Note</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
<b>Assets</b>			
Cash and current accounts	12	69,175,064	29,428,118
Deposits with banks	13	34,321,786	35,567,325
Financial assets at fair value through profit or loss	14 a)	922,628,978	760,465,458
Financial assets at fair value through other items of the comprehensive income	14 b)	957,631,024	782,464,281
Financial assets valued at amortised cost	14 c)	6,055,073	5,884,909
Other assets	15	21,076,047	4,715,215
<b>Total assets</b>		<b>2,010,887,972</b>	<b>1,618,525,306</b>
<b>Liabilities</b>			
Dividends to be paid	16	13,293,257	27,672,577
Deferred Corporate tax liabilities	17	59,856,565	27,665,485
Other debts	18	3,455,597	5,646,112
<b>Total debt</b>		<b>76,605,419</b>	<b>60,984,174</b>
<b>Equity</b>			
Share capital	19 a)	78,464,520	78,464,520
Hyperinflation Effect - IAS 29	19 a)	781,006,539	781,006,539
Retained earnings		725,326,396	501,786,070
Reserves from revaluation of financial assets at fair value through other elements of the comprehensive income	to 19 b)	349,485,098	196,284,003
<b>Total equity</b>		<b>1,934,282,553</b>	<b>1,557,541,132</b>
<b>Total liabilities and equity</b>		<b>2,010,887,972</b>	<b>1,618,525,306</b>

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# Statement of changes in equity

for the financial period ended September 30, 2021

<i>In LEI</i>	Share capital	Own shares	Revaluation reserves of financial assets at fair value through other elements of the comprehensive income	Retained earnings	Total
<b>Balance as of December 31, 2020</b>	<b>859,471,059</b>	<b>-</b>	<b>196,284,003</b>	<b>501,786,070</b>	<b>1,557,541,132</b>
<b>Comprehensive income</b>					
<i>Profit for the financial period</i>					
<i>Other elements of Comprehensive income</i>	-	-	-	195,538,202	195,538,202
Revaluation at fair value of financial assets at fair value through other elements of the comprehensive income, net of deferred tax	-		166,865,698	-	166,865,698
Reserve for financial assets at fair value through other comprehensive income transferred to retained earnings	-	-	(13,664,603)	13,664,603	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>153,201,095</b>	<b>209,202,805</b>	<b>362,403,900</b>
<b>Transactions with shareholders, recognized directly in equity</b>					
Prescribed dividends					
Decrease in share capital	-	-	-	14,337,521	14,337,521
Own shares redeemed	-	-	-	-	-
<b>Total transactions with shareholders, recognized directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,337,521</b>	<b>14,337,521</b>
<b>Balance as of September 30, 2021</b>	<b>859,471,059</b>	<b>-</b>	<b>349,485,098</b>	<b>725,326,396</b>	<b>1,934,282,553</b>

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## Statement of changes in equity (continued)

for the financial period ended September 30, 2021

<i>In LEI</i>	Share capital	Own shares	Revaluation reserves financial assets at fair value through other elements of the comprehensive income	Retained earnings	Total
<b>Balance as of December 31, 2019</b>	<b>883,997,669</b>	<b>(16,345,504)</b>	<b>203,333,446</b>	<b>503,040,623</b>	<b>1,574,026,234</b>
<b>Comprehensive income</b>					
<i>Loss of the financial period</i>	-	-	-	(24,210,906)	(24,210,906)
<i>Other elements of the comprehensive income</i>					
Revaluation at fair value of financial assets at fair value through other elements of the comprehensive income, net of deferred tax	-	-	(67,790,130)	-	(67,790,130)
Reserve for financial assets at fair value through other items of Comprehensive income transferred to retained earnings	-	-	(553,429)	553,429	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(68,343,559)</b>	<b>(23,657,477)</b>	<b>(92,001,036)</b>
<b>Transactions with shareholders, recognized directly in equity</b>					
Prescribed dividends	-	-	-	15,750,568	15,750,568
Decrease in share capital	(24,526,610)	16,345,504	-	8,181,106	-
Own shares redeemed	-	-	-	-	-
<b>Total transactions with shareholders, recognized directly in equity</b>	<b>(24,526,610)</b>	<b>16,345,504</b>	<b>-</b>	<b>23,931,674</b>	<b>15,750,568</b>
<b>Balance as on September 30, 2020</b>	<b>859,471,059</b>	<b>-</b>	<b>134,989,887</b>	<b>503,314,820</b>	<b>1,497,775,766</b>

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# Cash Flow Statement

for the financial period ended September 30, 2021

<i>In LEI</i>	<i>Note</i>	<b>September 30th 2021</b>	<b>September 30th 2020</b>
<b>Operating activities</b>			
Profit / (Loss) before tax		203,659,672	(23,970,980)
<i>Adjustments:</i>			
Net income from resumption of asset depreciation adjustments	9	-	(795,288)
(Net gain) / Net loss on financial assets at fair value by profit or loss	8	(173,622,208)	38,140,702
Dividend income	6	(52,903,089)	(29,439,429)
Interest income	7	(918,844)	(1,315,708)
Net gain from foreign exchange rate differences		(506,988)	(172,531)
Interest expenses on the debt under the contract leasing	10	2,278	15,495
Other adjustments		2,570,846	1,985,837
<b>Changes in assets and liabilities related to the business of operating activities</b>			
Changes in financial assets at fair value through profit or loss		11,458,688	(6,538,894)
Changes in financial assets at fair value through other elements of Comprehensive income		16,837,068	4,130,672
Changes in financial assets valued at amortised cost		-	5,507,327
Changes in other assets		1,756,925	1,260,157
Changes in other liabilities		(4,750,805)	(11,549,963)
Net placements in deposits with a maturity of more than 3 months and less than a year	13	1,207,500	(6,890,500)
Dividends received		33,723,586	28,111,909
Interest received		849,647	1,297,808
Corporate tax paid		-	(851,341)
<b>Net cash resulted from / (used in) operating activities</b>		<b>39,364,276</b>	<b>(1,074,727)</b>
<b>Investment activities</b>			
Payments for purchases of tangible and intangible assets		(209)	(179)
<b>Net cash used in investment activities</b>		<b>(209)</b>	<b>(179)</b>
<b>Financing activities</b>			
Dividends paid, including tax on dividends paid		(40,124)	(120,789)
Payments related to the lease debt, including interest	15ii)	(7,690)	(58,881)
<b>Net cash used in financing activities</b>		<b>(47,814)</b>	<b>(179,670)</b>
<b>Net increase / (Net decrease) in cash and cash equivalents</b>		<b>39,316,253</b>	<b>(1,254,576)</b>
The effect of exchange rate fluctuations on cash and cash equivalents		430,693	(12,356)
Cash and cash equivalents as of January 1		29,428,118	25,250,070
<b>Cash and cash equivalents as of September 30</b>		<b>69,175,064</b>	<b>23,983,138</b>



## Cash Flow Statement (continued)

*for the financial period ended September 30, 2021*

<i>In LEI</i>	<i>Note</i>	<b>September 30th 2021</b>	<b>September 30th 2020</b>
Cash in hand (petty cash)	<i>12</i>	2,019	2,963
Current bank accounts	<i>12</i>	69,173,045	7,339,175
Bank deposits with an original maturity of less than 3 months	<i>13</i>	-	16,641,000
<b>Cash and cash equivalents</b>		<b>69,175,064</b>	<b>23,983,138</b>

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# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 1. Reporting entity

SIF Muntenia SA (the “Company”) is a collective investment company established in 1996 through the reorganization and transformation of the Private Property Fund IV Muntenia, pursuant to Law no. 133/1996 for the transformation of Private Property Funds into financial investment companies, which operates in Romania according to the provisions of the Companies Law no. 31/1990, Law no. 297/2004 on the Capital Market and Law no. 24/2017 on Issuers of Financial Instruments and Market Operations. On 09.07.2021 ASF issued the Authorization no. 151 / 09.07.2021 authorizing the Company as an Alternative Investment Fund for Retail Investors. The registered offices of the company are in Str. Serghei Vasilievici Rahmaninov no. 46-48, parter (ground floor), room 2, sector 2, Bucharest, Romania.

The main area of activity of the company according to the Articles of Incorporation in force is:

- Performing of financial investments, in order to maximize the value of its own shares, according to the regulations in force;
- managing the investment portfolio and exercising all the rights associated with the instruments in which it invests;
- risk management;
- other ancillary and adjacent activities, according to the regulations in force.

The company operates on the basis of an administration contract concluded with the Investment Management Company Muntenia Invest S.A., certified as an administrator of alternative investment funds (AFIA) with number PJR07 1AFIAI / 400005. According to the provisions of art. 3 point 2 of Law no. 74/2015, as subsequently amended and supplemented, AFIA means any legal person whose main activity is the administration of one or more alternative investment funds.

The Company's shares are listed on the Bucharest Stock Exchange, premium category, with the code SIF4, starting with November 1, 1999.

The record of shares and shareholders is kept according to the law by Depozitarul Central S.A. Asset storage services are provided by BRD - Groupe Société Générale S.A. - a company authorized by the Financial Supervisory Authority (ASF).

The interim financial statements for the period ended 30 September 2021 were not subject to financial audit or review.

## 2. Basics of preparation

### (a) Declaration of conformity

The interim financial statements were prepared according to the provisions of ASF Norm no. 39/28 December 2015 for the approval of the Accounting Regulations compliant with International Financial Reporting Standards, applicable to entities authorized, regulated and supervised by the Financial Supervisory Authority in the Financial Instruments and Investments Sector. subsequent amendments and completions (“ASF Norm no. 39/2015”). Within the meaning of ASF Norm no. 39/2015, the International Financial Reporting Standards are those adopted according to the procedure provided by Regulation (EC) no. 1606/2002 (“IFRS adopted by the European Union”).

These financial statements have been prepared based on the principle of business continuity, which implies that the Company will continue its activity, without a significant reduction, in the foreseeable future.

From the analyses performed with regard to the implications of the Covid-19 pandemic in the Company's activity, SAI Muntenia Invest S.A., the Company's Administrator, considers that the continuity of its activity will not be affected. (see Note 5)

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## **2. Basis of preparation (continued)**

### **(a) Declaration of conformity (continued)**

As of January 1<sup>st</sup>, 2018, the Company met the criteria for classification as an investment entity according to the provisions of IFRS 10 "Consolidated Financial Statements".

Applying this exception from consolidation means that an investment entity does not have to consolidate its subsidiaries or apply IFRS 3 "Business Combinations" when it gains control of another entity. On the other hand, it must evaluate an investment in a subsidiary at fair value through profit or loss according to IFRS 9 "Financial Instruments".

During the financial period ended September 30<sup>th</sup>, 2021, the Company continues to be an investment entity, as there have been no changes in the way of meeting the criteria for classification as an investment entity.

### **(b) Presentation of financial statements**

The interim financial statements are presented according to the requirements of IAS 1 "Presentation of Financial Statements", IAS 34 "Interim Financial Reporting" and IFRS 12 "Presentation of Interests in Other Entities". The Company has adopted a presentation based on liquidity in the statement of financial position and a presentation of income and expense according to their nature in the profit or loss statement and other comprehensive income, considering that these presentation methods provide information that is credible and more relevant than those that would have been presented based on other methods allowed by IAS 1.

### **(c) Basis of evaluation**

The interim financial statements are prepared on the basis of the fair value convention for financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Other financial assets and liabilities, as well as non-financial assets and liabilities are presented at amortised cost, revalued value or historical cost.

The methods used to measure fair value are set out in Note 3 (e) (iv) and Note 5.

### **(d) Functional and presentation currency**

The Company's management considers that the functional currency, as defined by IAS 21 "Effects of exchange rate fluctuations", is the Romanian Leu (Lei). The interim financial statements are prepared and presented in lei, rounded to the nearest Lei, a currency that the Company's management has chosen as presentation currency.

### **(e) Use of estimates and judgments**

The preparation of the interim financial statements according to IFRS adopted by the European Union involves the use by management of estimates, judgments and assumptions that affect the application of accounting policies as well as the reported value of assets, liabilities, income and expenses. The judgments and assumptions associated with these estimates are based on historical experience as well as other factors considered reasonable in the context of these estimates. The results of these estimates form the basis for judgments about the carrying amounts of assets and liabilities that cannot be obtained from other sources of information. The obtained results may differ from the estimated values.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 2. Basis of preparation (continued)

### (e) Use of estimates and judgments (continued)

The judgments and assumptions underlying them are reviewed periodically. Revisions to the accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period or period in which the estimate is revised, and future periods if the revision affects both the current and future periods.

Judgments made by the management in the application of IFRS that have a significant effect on the financial statements as well as estimates that involve a significant risk of a material adjustment during the coming year are presented in Note 4 and Note 5.

## 3. Significant accounting policies

The significant accounting policies set out below have been consistently applied to all periods presented in these interim financial statements.

### (a) Subsidiaries and associated entities

Subsidiaries are entities under the control of the Company. Control exists when the Company has the power to lead, directly or indirectly, the financial and operational policies of an entity in order to obtain benefits from its activity. Potential or convertible voting rights that are exercisable at that time are also taken into account when evaluating the control.

In case the Company holds investments classified in the category of financial assets at fair value through other comprehensive income and it acquires control through a phased acquisition, the Company reclassifies the investment in the financial assets at fair value through other elements of the comprehensive income in the category of financial assets at fair value through profit or loss. Changes in fair value previously recognized in other elements of comprehensive income are derecognised on the same basis as if the interest had been transferred, respectively in the retained earnings. The list of subsidiaries as of September 30<sup>th</sup>, 2021 and December 31<sup>st</sup>, 2020 is presented in Note 23.

Associated entities are those companies where the Company can exert significant influence, but not control over their financial and operational policies. On September 30<sup>th</sup>, 2021 and December 31<sup>st</sup>, 2020, the Company did not identify any investments in associated entities.

### (b) Foreign currency transactions

Transactions denominated in foreign currency are recorded in lei at the official exchange rate from the settlement date of the transactions. Monetary assets and liabilities recorded in foreign currencies at the date of preparation of the statement of financial position are translated into functional currency at the exchange rate on that day.

Gains or losses from their settlement and from the conversion using the exchange rate at the end of the financial period of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Conversion differences on non-monetary items such as investments held at fair value through profit or loss are presented as gains or losses on fair value. Foreign exchange rate differences related to non-monetary financial assets, expressed in foreign currency classified at fair value through other elements of comprehensive income, are reflected in a separate reserve account.

The exchange rates of the main foreign currencies were:

Currency	September 30, 2021	December 31, 2020	Variation
Euro (EUR)	1: LEU 4.9471	1: LEU 4.8694	+ 1.60%
US Dollar (USD)	1: LEU 4.2653	1: LEU 3.9660	+ 7.55%

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 3. Significant Accounting Policies (continued)

### (c) Accounting for Hyperinflation Effect

According to IAS 29, the financial statements of an entity whose functional currency is the currency of a hyperinflationary economy must be presented in the current unit of measurement at the end of the reporting period (non-monetary items are treated again using a general price index from the date of acquisition or contribution).

According to IAS 29, an economy is considered to be hyperinflationary if, among other factors, the cumulative inflation rate over a three-year period exceeds 100%. The continuous decrease of the inflation rate and other factors related to the characteristics of the Romanian economic environment indicate that the economy whose functional currency was adopted by the Company has ceased to be hyperinflationary, with effect on the financial periods starting with January 1, 2004. IAS 29 has been adopted in the preparation of the financial statements as of December 31, 2003.

### (d) Cash and cash equivalents

Cash and cash equivalents include: cash, current accounts and deposits with banks (including blocked deposits and interest on bank deposits).

When preparing the statement of cash flows, the following were considered as cash and cash equivalents: cash, current accounts with banks and deposits with an initial maturity of less than 90 days (excluding blocked deposits).

### (e) Financial assets and liabilities

#### (i) Classification

The Company classifies financial instruments held according to IFRS 9 "Financial Instruments" into the following categories:

#### *Financial assets valued at amortised cost*

A financial asset is valued at amortised cost if it meets both conditions set out below and is not designated as valued at fair value through profit or loss:

- It is held in a business model whose objective is to keep assets for the collection of contractual cash flows; and
- Its contractual terms generate, on certain dates, cash flows that are only payments of the principal and interest on the outstanding principal amount.

#### *Financial assets at fair value through other comprehensive income*

A financial asset is valued at fair value *through other comprehensive income* only if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is owned in a business model whose objective is achieved both by collecting contractual cash flows and by selling financial assets; and
- Its contractual terms generate, on certain dates, cash flows which represent only payments of the principal and interest on the principal amount due.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## **3. Significant Accounting Policies (continued)**

### **(e) Financial assets and liabilities**

#### **(i) Classification (continued)**

*Financial assets at fair value through other comprehensive income (continued)*

In addition, upon initial recognition of an investment in equity instruments that is not held for trading, the Company may irrevocably choose to present subsequent changes in fair value in other comprehensive income. These options apply to each instrument, as appropriate.

*Financial assets at fair value through profit or loss*

All financial assets that are not classified as valued at amortised cost or at fair value through other comprehensive income, as described above, will be valued at fair value through profit or loss. In addition, on initial recognition, the Company may irrevocably designate that a financial asset, which otherwise meets the requirements to be valued at amortised cost or fair value through other comprehensive income, be valued at fair value through profit or loss. , if this eliminates or significantly reduces an accounting discrepancy that would arise if it were Done otherwise.

#### **(ii) Recognition**

Financial assets and financial liabilities are recognized on the date on which the Company becomes a contractual party under the terms of that instrument. Financial assets and liabilities are valued at the time of initial recognition at fair value.

#### **(iii) Compensation**

Financial assets and liabilities are offset and the net result is presented in the statement of financial position only when there is a legal right of set-off and if there is an intention to settle them on a net basis or if the asset is intended to be realized and the debt settled simultaneously.

Revenues and expenses are presented net only when permitted by accounting standards, or for profit and loss arising from a group of similar transactions such as those of the Company's trading activity.

#### **(iv) Valuation**

*Valuation at amortised cost*

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is valued after initial recognition, less the principal payments, to which the accumulated amortization up to that point is added or subtracted using the effective interest method, less the reductions related to depreciation losses.

*Fair Value Valuation*

The fair value is the price that would have been received on the sale of an asset or paid to settle a debt in a normal transaction between participants in the main market, at the valuation date, or in the absence of the main market, on the most advantageous market in which the Company has access to that date.

The Company measures the fair value of a financial instrument using the prices quoted in an active market for that instrument. A financial instrument has an active market if quoted prices are available quickly and regularly for that instrument.

The market price used to determine the fair value is the closing price of the market on the last trading day before the valuation date.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## **3. Significant Accounting Policies (continued)**

### **(e) Financial Assets and Liabilities (continued)**

#### **(iv) Valuation (continued)**

In the absence of a price quotation in an active market, the Company uses valuation techniques based on updated cash flow analysis and other valuation methods commonly used by market participants, making the most of market information, relying as little as possible on company-specific information. The company uses valuation techniques that maximize the use of observable data and minimize the use of unobservable data.

The value of using a valuation model is adjusted for a number of factors, as valuation techniques do not reliably reflect all the factors considered by market participants when concluding a transaction. Adjustments are recorded to reflect risk patterns, differences in selling and buying quotes, liquidity risks and other factors.

The fund units are valued at the net asset value per unit, calculated by the fund manager using closing quotations for the financial instruments held by the funds. If the Company notices that there is no active market for a fund's holdings, it uses public information on the fund's holdings (financial statements, audit reports, portfolio structure, etc.), obtaining a corrected NAVU with adjustments deemed necessary to the value net assets following the analysis of the aforementioned public information.

#### **(v) Identifying and Assessing Depreciation**

##### **(vi) Financial Assets valued at Amortised Cost**

The expected credit loss represents the difference between all contractual cash flows that are due to the Company and all cash flows that the Company expects to receive, discounted at the initial effective interest rate.

A financial asset or group of financial assets is impaired as a result of credit risk if one or more events have occurred that have a negative impact on the estimated future cash flows of the assets.

The Company assesses whether the credit risk for a financial asset has increased significantly since the initial recognition based on information, available at no cost or undue effort, which is an indicator of significant increases in credit risk since the initial recognition.

The Company recognizes in profit or loss the amount of changes in credit losses expected over the life of financial assets as a gain or loss on depreciation.

The gain or loss on depreciation is determined as the difference between the carrying amount of the financial asset and the updated value of future cash flows using the effective interest rate of the financial asset at the original time.

The Company recognizes favourable changes in expected credit losses throughout its life as an depreciation gain, even if the expected credit losses over its life are less than the amount of expected credit losses that were included in the estimated cash flows at the initial recognition.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## **3. Significant Accounting Policies (continued)**

### **(e) Financial Assets and Liabilities (continued)**

#### ***(vi) Derecognition***

The Company derecognises a financial asset when the rights to receive cash flows from that financial asset expire, or when the Company has transferred the rights to receive the contractual cash flows related to that financial asset in a transaction in which it has significantly transferred all the risks and benefits of property rights.

Any interest in transferred financial assets held by the Company or created for the Company is recognized separately as an asset or liability.

The company derecognises a financial liability when the contractual obligations have been concluded or when the contractual obligations are cancelled or expire.

#### ***(vii) Gains and losses on disposal***

The gain or loss on the disposal of a financial asset or financial liability valued at fair value through profit or loss is recognized in current profit or loss.

Upon derecognition of equity instruments designated in the category of financial assets valued at fair value through other comprehensive income, the gains or losses representing favourable or unfavourable differences in valuation, as shown in revaluation reserves, are recognized in other comprehensive income (retained earnings representing realized surplus - IFRS 9).

Upon derecognition of financial assets, the result carried forward from the date of transition to IFRS 9 is transferred to a result carried forward representing realized surplus.

A gain or loss on a financial asset that is valued at amortised cost is recognized in current profit or loss when the asset is derecognised.

### **(f) Other financial assets and liabilities**

Other financial assets and liabilities are valued at amortised cost using the effective interest method, less any depreciation losses.

### **(g) Property, Plant and Equipment (Tangible Assets)**

#### ***(i) Recognition and valuation***

Property, plant and equipment (tangible assets) recognized as an asset are initially valued at cost. The cost of an item of Property, plant and equipment (tangible assets) consists of the purchase price, including irrecoverable taxes, after deducting any price reductions of a commercial nature and any expenses that may be directly attributable to bringing the asset to its location and under the conditions necessary for its use. the desired management purpose, such as: employee expenses resulting directly from the construction or acquisition of the asset, site development expenses, initial delivery and handling expenses, installation and assembly expenses, professional fees.

Tangible assets are classified by the Company in the following asset classes of the same nature and with similar uses:

- Lands;
- Constructions;
- Equipment, technical installations and machines;
- Means of transportation;
- Furniture and other tangible assets.

The company does not own any land or buildings.



# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 3. Significant Accounting Policies (continued)

### (g) Property, Plant and Equipment (Tangible Assets) (continued)

#### (i) Recognition and Valuation (continued)

Property, plant and equipment (tangible assets) are shown at cost, less accumulated depreciation and adjustment for depreciation.

Expenses related to the maintenance and repair of Property, plant and equipment (tangible assets) are recorded in the Profit or loss statement when they arise, and significant improvements made to Property, plant and equipment (tangible assets), - which increase their value or life, or which significantly increase their ability to generate economic benefits, - are capitalized.

#### (ii) Depreciation

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as follows:

- Equipment, technical installations and machines	3-20 years
- Means of transportation	3-6 years
- Furniture and other tangible assets	3-15 years

Depreciation methods, estimated useful lives as well as residual values are reviewed by the Company's management at each reporting date.

#### (iii) Sale / disposal of tangible assets

Property, plant and equipment (tangible assets) that are scrapped or sold are eliminated from the statement of financial position together with the corresponding accumulated depreciation. Any profit or loss resulting from such an operation is included in current profit or loss.

### (h) Leasing

#### (i) Recognition

According to IFRS 16 "Leases", a contract is or contains a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, based on the lease for the space intended for the registered office, the Company recognized an asset related to the right to use the underlying asset and a leasing debt arising from this contract.

As a lessor, the financial statements remain unaffected by the introduction of the new standard.

Exceptions to the application of IFRS 16 may be:

- ☐ leases with a lease term of 12 months or less and which do not contain purchase options, and
- ☐ leases where the underlying asset has a small value.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 3. Significant Accounting Policies (continued)

### (h) Leasing (continued)

#### (ii) Valuation

The company, as a lessee, initially evaluates the asset related to the right to use at cost. The cost of the right-to-use asset consists of the amount of the initial valuation of the debt arising from the lease, the initial direct expenses incurred by the lessee, an estimate of the expenses to be incurred by the lessee less any leasing incentives received.

The company, as lessee, also assesses the debt arising from the leasing contract at the updated value of the lease payments that are not paid at that date. The discount is made using the default interest rate in the lease if that rate can be determined immediately. If this rate cannot be determined immediately, the lessee's marginal lending rate shall be used.

The carrying amount of the asset valued at cost is the cost of the initial valuation less any accumulated amortization and any accumulated depreciation losses and adjusted for any revaluations of the debt arising from the lease.

#### (iii) Depreciation

The underlying asset is depreciated using the straight-line method. If ownership is not transferred or there is no call option on the underlying asset until the end of its term, the asset is depreciated from the start of the contract until the first date between the end of its useful life and the end of the term of the contract which includes and options to extend or terminate the contract.

#### (iv) Leasing Debt

At the date of initial recognition of the lease liability, the updated value of the lease payments comprises fixed payments less any receivable leasing incentives and variable leasing payments that depend on an index or rate, initially valued on an index or rate basis from the start date of the contract (e.g. the consumer price index).

The updated value of lease payments that are not paid at the recognition date is determined for the duration of a lease taking into account the periods covered by the contract extension options if the Company has reasonable certainty that it will exercise that option and the periods covered by the termination options of the contract if the Company has reasonable assurance that it will not exercise that option.

Utility expenses and irrecoverable taxes (VAT) are not a component of the debt arising from the lease, being recognized in profit or loss as the invoices are issued.

The debt arising from the lease is subsequently valued by increasing the carrying amount to reflect the interest associated with the debt, reducing the carrying amount to reflect the lease payments made and revaluing the carrying amount as a result of changes in the contract (example changes: duration of the contract, change leasing payments, asset purchase options, interest rate, termination of the contract).

#### (v) Derecognition

The asset related to the right of use is derecognised on termination or on the cessation of the contract and is reflected by the decrease in the carrying amount of the asset related to the right of use and the recognition in profit or loss of gains / losses associated with the modification of the leasing contract.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## **3. Significant Accounting Policies (continued)**

### **(i) Depreciation of non-financial assets**

The carrying amount of the Company's non-financial assets, other than deferred tax assets, is reviewed at each reporting date to identify depreciation. If there are such indications, the recoverable amount of those assets is estimated.

An depreciation loss is recognized when the carrying amount of the asset or its cash-generating unit exceeds the recoverable amount of the asset or cash-generating unit. A cash-generating unit is the smallest identifiable group that generates cash independently of other assets and other groups of assets. Depreciation losses are recognized in the profit or loss statement and other comprehensive income.

The recoverable amount of an asset or a cash-generating unit is the maximum of its value in use and its fair value less expenses to sell that asset or unit. To determine the value in use, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the specific risks of the asset.

Depreciation losses recognized in prior periods are valued at each reporting date in order to determine whether they have decreased or not. Depreciation loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Depreciation losses are reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been calculated, net of depreciation and amortization, if the depreciation loss had not been recognized.

### **(j) Share Capital**

Ordinary shares are recognized in the share capital.

### **(k) Provisions for risks and expenses**

Provisions are recognized in the statement of financial position when an obligation arises for the Company related to a past event and it is likely that in the future it will be necessary to consume economic resources to extinguish this obligation and a reasonable estimate of the value of the obligation can be made. To determine the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the specific risks of that debt.

### **(l) Interest income and interest expense**

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that accurately updates payments and cash receipts expected in the future over the expected life of the financial asset or debt (or, where applicable, for a shorter period) to the carrying amount of the financial asset or debt.

The amount of interest related to the debt arising from the lease is determined using a discount rate that may be the interest rate in the contract or the marginal lending rate of the lessee and is recognized in profit or loss.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## **3. Significant Accounting Policies (continued)**

### **(m) Dividend Income**

Dividend income is recognized in profit or loss on the date on which the right to receive such income is established.

In the case of dividends received in the form of shares, as an alternative to payment in cash, dividend income is recognized at the level of cash that would have been received, corresponding with the increase of the related participation. The company does not record dividend income related to shares received free of charge when they are distributed proportionally to all shareholders.

Dividend income is recorded at gross value that includes dividend tax, which is recognized as a current expense with Corporate tax.

### **(n) Employee Benefits**

#### ***(i) Short-term Benefits***

Obligations with short-term employee benefits are not discounted and are recognized in the profit or loss statement and other comprehensive income as the related service is provided.

Short-term employee benefits include salaries and bonuses. Short-term employee benefits are recognized as an expense when the services are provided. A provision is recognized for amounts expected to be paid as short-term cash premiums provided that the Company currently has a legal or implied obligation to pay those amounts as a result of past service provided by employees and whether that obligation can be estimated reliably.

#### ***(ii) Defined contribution plans***

All Company employees are insured and have the legal obligation to contribute (through social contributions) to the pension system of the Romanian State (a defined contribution plan of the State).

The company is not involved in any independent pension system and, consequently, has no other obligations in this regard. The company is not employed in any other post-retirement benefit system. The company has no obligation to provide subsequent services to former or current employees.

#### ***(iii) Long-term Employee Benefits***

The Company's net liability in respect of long-term service benefits is the amount of future benefits that employees have earned in return for services rendered by them in the current and prior periods.

The company has no obligation to grant benefits to employees on the date of their retirement.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 3. Significant Accounting Policies (continued)

### (o) Corporate tax

The corporate tax for the period includes current tax and deferred tax. Current Corporate tax includes corporate tax on dividends recognized at gross value.

Corporate tax is recognized in the profit or loss statement and in other comprehensive income if the tax relates to capital items.

Current tax is the tax payable on the profit realized in the current period, determined on the basis of the percentages applied at the date of the statement of financial position and all adjustments related to previous periods.

Deferred tax is determined for those temporary differences that occur between the tax base for calculating the tax on assets and liabilities and their carrying amount used for reporting in the financial statements.

Deferred tax is not recognized for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities arising from transactions that are not business combinations and do not affect accounting or taxable profits and differences from investments in subsidiaries, provided that they are not resumed in the near future. Deferred tax is calculated on the basis of the tax rates that are expected to be applicable to temporary differences upon their resumption, based on the legislation in force at the reporting date or issued on the reporting date and which will enter into force thereafter.

Deferred tax receivables and liabilities are offset only if there is a legal right to offset current tax liabilities and receivables and if they relate to tax collected by the same tax authority for the same taxable entity or for different tax authorities but they wish to settle the receivables and the current tax liabilities using a net basis or the related assets and liabilities will be realized simultaneously.

The deferred tax receivable is recognized only to the extent that it is probable that future profits may be made to cover the tax loss. The receivable is revised at the end of each financial period and is diminished to the extent that the related tax benefit is unlikely to be realized.

The tax result is determined on the basis of income and expense items in the income statement to which items similar to income are added and items similar to expenses recognized in retained earnings are deducted as a result of the application of IFRS 9.

For the financial periods ended September 30<sup>th</sup>, 2021 and September 30<sup>th</sup>, 2020, the corporate tax rate was 16%. The tax rate related to taxable dividend income for the financial periods ended September 30, 2021 and September 30, 2020 was 5%.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 3. Significant Accounting Policies (continued)

### (p) Earnings per Share

The company presents the basic and diluted earnings per share for ordinary shares. The result per basic share is determined by dividing the profit or loss attributable to the ordinary shareholders of the Company to the weighted average number of ordinary shares related to the reporting period. Diluted earnings per share are determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares with the dilution effects generated by potential ordinary shares.

### (q) Dividends to be distributed

Dividends are treated as a distribution of profit during the period in which they were declared and approved by the General Meeting of Shareholders. Dividends not raised for three years, after the expiration of the limitation period, are registered directly in equity, being assimilated to the contributions from the shareholders, based on the decision of the General Meeting of Shareholders.

### (r) Subsequent events

Events after the end of the reporting period are those favourable and unfavourable events that occur between the end of the reporting period and the date on which the financial statements are authorized for issue.

Subsequent events that provide additional information about the Company's position at the end of the reporting period (events that require adjustments) are reflected in the financial statements.

Events after the end of the reporting period that do not require adjustments are highlighted in the notes when they are considered significant.

### (s) Affiliated parties

Different entities or persons are considered to be in special relations with the Company if one of the parties, either by ownership or by contractual rights, family relations or other similar situations may directly or indirectly control the other party, or may influence it in a manner significant in making financial or operational decisions.

Related party transactions are a transfer of resources or obligations between related parties whether or not they involve a price.

### (t) New standards and interpretations that are not yet in place

A number of new standards, amendments and interpretations of the standards are not yet in force at the date of the financial statements and have not been applied in the preparation of these financial statements:

#### **i) Amendments to IFRS 10 and IAS 28 Sale or Contributions of Asset between an Investor and its Associate or Joint Venture (Effective Date: the European Commission has decided to defer the approval for an indefinite period)**

The amendments clarify that in a transaction involving an associate or joint venture, the degree of recognition of the gain or loss depends on the extent to which the assets sold or contributed contribute to an enterprise, so that a gain or loss is recognized. entirely when a transaction between an investor and the associate or joint venture involves the transfer of an asset or assets that constitute an enterprise (whether or not it is incorporated in a subsidiary), while a gain or loss is partially recognized when a transaction between an investor and an associate or joint venture involves assets that do not constitute an enterprise, even if those assets are incorporated in a subsidiary.

The company does not consider that these amendments will have a significant effect on the financial statements.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 3. Significant Accounting Policies (continued)

### (t) New standards and interpretations not yet in force (continued)

#### **ii) Amendments to IAS 1 Presentation of Financial Statements: Classification of Current Debt and Long-Term Debt (Effective Date: Annual Periods beginning on January 1<sup>st</sup>, 2023)**

The amendments clarify that a classification of current or long-term debt is based solely on the company's right to defer settlement at the end of the reporting period. Thus, the company's right to defer settlement for at least twelve months after the reporting date must have an economic fund. The classification is not affected by the Management intentions or expectations of regarding the extent and when the entity will exercise its right.

The company does not consider that these amendments will have a significant effect on the financial statements.

#### **iii) Amendments to IAS 16 Property, plant and equipment (tangible assets): Receipts before expected use (Effective Date: Annual periods beginning on January 1<sup>st</sup>, 2022)**

The amendments prohibit the deduction from the cost of an item of Property, plant and equipment (tangible assets) of all income from the sale of products obtained from that asset up to the time of bringing it to the location and condition necessary for that asset to function as intended. Instead, the company recognizes the proceeds from the sale of these products, including the cost of production of these products, in profit or loss.

The company does not consider that these amendments will have a significant effect on the financial statements.

#### **iv) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (Effective Date: Annual Periods Beginning January 1, 2022)**

The amendments clarify that the expenses of performing a contract include all expenses that relate directly to that contract. Expenses that directly relate to a contract include either marginal expenses for the performance of that contract (e.g. direct labour, materials) or an allocation of other expenses that directly relate to the performance of the contracts (e.g. allocation of depreciation expenses). for an item of Property, plant and equipment (tangible assets) used to perform the contract).

The company does not consider that these amendments will have a significant effect on the financial statements.

#### **v) Amendments to IFRS 9 Financial Instruments (Effective Date: annual periods beginning on or after 1 January 2022)**

The amendments clarify that when assessing an exchange of financial debt between a debtor and a creditor that takes place under substantially different terms, the fees to be included together with the updated value of cash flows under the new terms include only fees paid or received between the debtor and the creditor, including commissions paid or received on behalf of the other.

The company does not consider that these amendments will have a significant effect on the financial statements.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 4. Management of significant risks

The investment activity leads to the Company's exposure to a variety of risks associated with the financial instruments held and the financial markets on which it operates. The main risks to which the Company is exposed are:

- market risk (price risk, interest rate risk and currency risk);
- credit risk;
- liquidity risk;
- the risk related to taxation;
- operational risk.

The overall risk management strategy aims to maximize the Company's profit relative to the level of risk to which it is exposed and to minimize potential adverse variations on the Company's financial performance.

The company uses a variety of policies and procedures to manage and assess the types of risk to which it is exposed. These policies and procedures are presented in the subchapter dedicated to each type of risk.

### (a) Market risk

Market risk is defined as the risk of incurring a loss or of not obtaining the expected profit as a result of price fluctuations, interest rates and exchange rates.

The company is exposed to the following market risk categories:

#### (i) Price Risk

The Company is exposed to the risk associated with changes in the price of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

Of the total active market shares held by the Company, 51% on September 30<sup>th</sup>, 2021 (December 31<sup>st</sup>, 2020: 52%) represented investments in companies connected to the BET index of the Bucharest Stock Exchange, an index weighted with the market capitalization and created to reflect the overall trend of the prices of the most liquid seventeen shares traded on the Bucharest Stock Exchange.

The Board of Directors of SAI Muntenia Invest S.A. fulfils its role of monitoring the market risk management framework also by approving the trading limits on the Romanian capital market for speculative purposes.

A positive variation of 10% of the price of financial assets at fair value through profit or loss would lead to an increase in profit after tax on September 30, 2021 by 87,154,524 lei (December 31, 2020: 71,791,552 lei), a negative change of 10% having an equal and opposite net impact.

A positive variation of 10% of the prices of financial assets at fair value through other elements of the global result would lead to an increase of the own capitals, net of the corporate tax, on September 30, 2021 by 83,498,429 lei (December 31, 2020: 68,541. 973 lei) a negative variation of 10% having an equal and opposite net impact.



# Notes on Financial Statements

for the financial period ended September 30, 2021

## 4. Significant Risk Management (continued)

### (a) Market risk (continued)

#### (i) Price risk (continued)

The company holds shares in companies operating in different sectors of activity, as follows:

<i>In LEI</i>	September 30, 2021	%	December 31, 2020	%
Financial, banking activities	699,114,928	45%	543,979,811	43%
Real estate transactions, rentals, other services	102,901,243	7%	97,762,081	8%
Wholesale, retail, tourism and restaurants	107,817,554	7%	97,871,753	8%
Construction materials industry	78,089,474	5%	84,751,083	7%
Agriculture, animal husbandry, fishing	18,544,055	1%	18,544,055	1%
Metal construction industry and metal products	75,816,185	5%	84,366,066	6%
Pharmaceutical and medical industry	357,660,036	2.3%	250,133,249	20%
Energy industry	69,088,044	4%	53,250,687	4%
Extractive industry	3,365,636	0%	2,922,464	0%
Other	48,589,455	3%	43,972,369	3%
		<b>100</b>		
<b>TOTAL</b>	<b>1,560,986,610</b>	<b>%</b>	<b>1,277,553,618</b>	<b>100%</b>

As can be seen from the table above, on September 30<sup>th</sup>, 2021 the Company held mainly shares in companies operating in the financial-banking field, with a share of 45% of the total portfolio growing compared to the share of 43% recorded on December 31<sup>st</sup>, 2020. On the other hand, 23% of the share portfolio on September 30<sup>th</sup>, 2021, up from the 20% share recorded on December 31<sup>st</sup>, 2020, represents holdings in companies in the pharmaceutical and medical industry.

The fund units held by the Company are exposed to price risk, which in turn have investments with different degrees of risk (bank deposits, bonds, other fixed income instruments, shares, etc.).

The obligations held by the Company at OPUS Chartered Issuances SA classified in the category of financial assets at fair value through profit or loss, amounting to 91,429,048 lei (December 31<sup>st</sup>, 2020: 83,968,674 lei) are also exposed to price risk, see note 14.

#### (ii) Interest rate risk

The company faces interest rate risk due to exposure to unfavourable interest rate fluctuations. The change in the market interest rate directly influences the income and expenses related to financial assets and liabilities bearing variable interest, as well as the market value of those with fixed interest rates (for example, in the case of bonds). As of September 30, 2021 and December 31, 2020, most of the Company's assets and liabilities are not interest-bearing. As a result, the Company is not significantly affected directly by the risk of interest rate fluctuations. Cash and cash equivalents are generally invested at short-term interest rates. However, declining market returns may affect the valuation of the Company's assets.

The Company does not use derivative financial instruments against interest rate fluctuations.

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 4. Significant Risk Management (continued)

### (a) Market risk (continued)

#### (iii) Currency Risk

Currency risk is the risk of recording losses or not realizing the estimated profit due to unfavourable exchange rate fluctuations. The company is exposed to exchange rate fluctuations, but does not have a formalized foreign exchange risk hedging policy. The majority of the Company's financial assets and liabilities are denominated in the national currency, the other currencies in which operations are carried out being EUR and USD.

The financial assets and liabilities expressed in LEI and other currencies as of September 30, 2021 and December 31, 2020 are presented in the following tables.

#### September 30<sup>th</sup>, 2021

<i>In LEI</i>	Accounting value	LEI	USD	EUR
<b>Financial assets</b>				
Cash and current accounts	<b>69,175,064</b>	40,050,399	1,798	29,122,867
Deposits with banks	<b>34,321,786</b>	34,321,786	-	-
Financial assets at fair value by profit or loss	<b>922,628,978</b>	831,199,930	-	91,429,048
Financial assets at value fair by other elements of comprehensive income	<b>957,631,024</b>	957,631,024	-	-
Valued financial assets at amortised cost	<b>6,055,073</b>	1,029,260	-	5,025,813
Other assets	<b>20,990,643</b>	20,990,643	-	-
<b>TOTAL</b>	<b><u>2,010,802,568</u></b>	<b><u>1,885,223,042</u></b>	<b><u>1,798</u></b>	<b><u>125,577,728</u></b>
<b>Financial debts</b>				
Dividends to be paid	<b>13,293,257</b>	13,293,257	-	-
Other debts	<b><u>3,455,597</u></b>	<b><u>3,421,801</u></b>	-	<b><u>33,796</u></b>
<b>TOTAL</b>	<b><u>16,748,854</u></b>	<b><u>16,715,058</u></b>	-	<b><u>33,796</u></b>

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 4. Significant Risk Management (continued)

### (a) Market Risk (continued)

#### (iii) Currency Risk (continued)

December 31, 2020

<i>In LEI</i>	Accounting value	LEI	USD	EUR
<b>Financial assets</b>				
Cash and current accounts	<b>29,428,118</b>	2,499,470	1,018	26,927,630
Deposits with banks	<b>35,567,325</b>	35,567,325	-	-
Financial assets at fair value	<b>760,465,458</b>	676,496,784	-	83,968,674
by profit or loss				
Financial assets at fair value	<b>782,464,281</b>	782,464,281	-	-
by other elements of the comprehensive income				
Valued financial assets at amortised cost	<b>5,884,909</b>	1,007,071	-	4,877,838
Other assets	<b>4,634,417</b>	4,634,417	-	-
<b>TOTAL</b>	<b><u>1,618,444,508</u></b>	<b><u>1,502,669,348</u></b>	<b><u>1,018</u></b>	<b><u>115,774,142</u></b>
<b>Financial debts</b>				
Dividends to be paid	<b>27,672,577</b>	27,672,577	-	-
Other debts	<b>5,646,112</b>	5,605,693	-	40,419
<b>TOTAL</b>	<b><u>33,318,689</u></b>	<b><u>33,278,270</u></b>	<b><u>-</u></b>	<b><u>40,419</u></b>

The net impact on the Company's profit of a change of  $\pm 5\%$  of the LEI / EUR exchange rate corroborated with a change of  $\pm 5\%$  of the LEI / USD exchange rate on September 30, 2021, all other variables remaining constant, is  $\pm 5,272.921$  lei (December 31, 2020:  $\pm 4,860,859$  lei).

### (b) Credit Risk

Credit risk represents the risk of recording losses or of not realizing the estimated profits, as a result of the counterparty's non-fulfilment of financial obligations. The company is exposed to credit risk as a result of investments made in bonds issued by trading companies, current accounts, bank deposits and receivables.

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 4. Significant Risk Management (continued)

### (b) Credit Risk (continued)

The maximum exposure to credit risk of the Company is worth 130,540,547 lei as of September 30, 2021 (as of December 31, 2020: 75,513,314 lei) and can be analysed as follows:

<i>In LEI</i>	<b>September 30<sup>th</sup> 2021</b>	<b>December 31<sup>st</sup> 2020</b>
<i>Exposures from current accounts and deposits placed at banks (Note 12 and Note 13)</i>		
Banca Transilvania SA	8,050,397	3,709
Libra Internet Bank SA	39,028	43,782
Banca Comercială Română SA	766	972
BRD - Société Générale SA Group	29,170,427	27,075,037
Credit Europe Bank SA	28,369,076	7,155,591
Vista Bank SA	417	212
Banca Comercială Intesa Sanpaolo Romania SA	18,214,526	18,252,125
ProCredit Bank SA	19,503,711	12,279,905
Other commercial banks	146,483	182,655
<b>Total</b>	<b>103,494,831</b>	<b>64,993,988</b>

*Financial assets valuated at amortised cost \*) (Note 14 c))*

Bonds of Impact Developer & Contractor SA	4,947,100	4,869,400
Bonds of Capital Leasing IFN S.A.	1,000,000	1,000,000
Other bonds and attached interest	107,973	15,509
<b>Total</b>	<b>6,055,073</b>	<b>5,884,909</b>

\*) Financial assets valuated at amortised cost classified according to maturity are current financial assets.

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 4. Significant Risk Management (continued)

### (b) Credit Risk (continued)

<i>In LEI</i>	September 30 <sup>th</sup> 2021	December 31 <sup>st</sup> 2020
<i>Miscellaneous debtors and trade receivables (Note 15)</i>		
Consol SA	2,040,960	2,040,960
Banca Română de Scont S.A.	1,283,228	1,283,228
State Assets Management Authority	1,143,343	1,143,343
Timpuri Noi S.A.	2,529,526	2,529,526
Siderca SA	410,334	410,334
Receivable Dividends	20,990,592	4,532,591
Other miscellaneous debtors	450,316	552,092
Adjustments for depreciation of miscellaneous debtors and of trade receivables	(7,857,656)	(7,857,656)
<b>Total</b>	<b><u>20,990,643</u></b>	<b><u>4,634,418</u></b>
<b>Total exposure</b>	<b><u>130,540,547</u></b>	<b><u>75,513,315</u></b>

*Miscellaneous debtors and trade receivables classified according to maturity are:*

- current (miscellaneous debtors, dividends receivable)	20,990,643	4,634,417
- overdue, fully adjusted (miscellaneous debtors and receivable dividends) *)	7,857,656	7,857,656

\*) The various outstanding debtors are Consol S.A., Banca Română de Scont S.A., the State Assets Management Authority, Siderca S.A., Timpuri Noi S.A.

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 4. Significant Risk Management (continued)

### (c) Liquidity Risk

Liquidity risk is the risk of loss or loss of estimated profits, resulting from the inability to meet short-term payment obligations at any time, without incurring excessive expenses or losses that cannot be borne by the Company.

The structure of assets and liabilities was analysed based on the remaining period from the statement of financial position to the contractual maturity date, both for the financial period ended September 30, 2021 and for the financial year ended December 31, 2020, as follows:

#### September 30<sup>th</sup>, 2021

<i>In LEI</i>	Accounting Value	Under 3 months	Between 3 and 12 months	More than 1 year	No default maturity
<b>Financial assets</b>					
Cash and current accounts	<b>69,175,064</b>	69,173,045	-	-	2,019
Deposits with banks	<b>34,321,786</b>	34,321,786	-	-	-
Financial assets at value fair by profit or loss	<b>922,628,978</b>	135,303	-	91,293,745	831,199,930
Financial assets at value fair by other elements of comprehensive income	<b>957,631,024</b>	-	-	-	957,631,024
Financial assets valued at amortised cost	<b>6,055,073</b>	-	1,107,973	4,947,100	-
Other assets	<u>20,990,643</u>	<u>20,990,643</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total financial assets</b>	<b><u>2,010,802,568</u></b>	<b><u>124,620,777</u></b>	<b><u>1,107,973</u></b>	<b><u>96,240,845</u></b>	<b><u>1,788,832,973</u></b>
<b>Financial debts</b>					
Dividends to be paid	<b>13,293,257</b>	12,833,710	-	-	459,547
Other debts	<b>3,455,597</b>	3,423,691	6,711	25,195	-
<b>Total financial debt</b>	<b><u>16,748,854</u></b>	<b><u>16,257,401</u></b>	<b><u>6,711</u></b>	<b><u>25,195</u></b>	<b><u>459,547</u></b>
<b>Excess liquidity</b>	<b><u>1,994,053,714</u></b>	<b><u>108,363,376</u></b>	<b><u>1,101,262</u></b>	<b><u>96,215,650</u></b>	<b><u>1,788,373,426</u></b>

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 4. Significant Risk Management (continued)

### (c) Liquidity Risk (continued)

December 31<sup>st</sup>, 2020

<i>In LEI</i>	Accounting Value	Less than 3 months	Between 3 and 12 months	More than 1 year	No default maturity
<b>Financial assets</b>					
Cash and current accounts	<b>29,428,118</b>	29,426,663	-	-	1,455
Deposits with banks	<b>35,567,325</b>	35,566,325	-	-	1,000
Financial assets at fair value by profit or loss	<b>760,465,458</b>	-	532,712	83,435,962	676,496,784
Financial assets at fair value by other elements of comprehensive income	<b>782,464,281</b>	-	-	-	782,464,281
Financial assets valued at amortised cost	<b>5,884,909</b>	-	15,509	5,869,400	-
Other assets	<b>4,634,417</b>	4,634,417	-	-	-
<b>Total financial assets</b>	<b><u>1,618,444,508</u></b>	<b><u>69,627,405</u></b>	<b><u>548,221</u></b>	<b><u>89,305,362</u></b>	<b><u>1,458,963,520</u></b>
<b>Financial debts</b>					
Dividends to be paid	<b><u>27,672,577</u></b>	27,336,998	-	-	335,579
Other debts	<b><u>5,646,112</u></b>	5,607,789	6,293	32,030	-
<b>Total financial debt</b>	<b><u>33,318,689</u></b>	<b><u>32,944,787</u></b>	<b><u>6,293</u></b>	<b><u>32,030</u></b>	<b><u>335,579</u></b>
<b>Excess liquidity</b>	<b><u>1,585,125,819</u></b>	<b><u>36,682,618</u></b>	<b><u>541,928</u></b>	<b><u>89,273,332</u></b>	<b><u>1,458,627,941</u></b>

### (d) Taxation Risk

Romanian tax legislation provides detailed and complex rules that have undergone several changes in recent years. The interpretation of the text and the practical procedures for the implementing of tax legislation may vary, the risk being that certain transactions may be interpreted differently by the tax authorities compared to the treatment applied by the Company.

From the point of view of the corporate tax, there is the risk of a different interpretation by the fiscal bodies of the applied fiscal rules as established by the Accounting Regulations compliant with IFRS.

The Romanian Government has a number of agencies authorized to carry out the audit (control) of companies operating on Romanian territory. These controls are similar to tax audits in other countries, and may cover not only tax issues, but also other legal and regulatory issues of interest to these agencies. It is possible for the Company to be subject to fiscal controls as new tax regulations are issued.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 4. Significant Risk Management (continued)

### (e) Operational Risk

Operational risk is defined as the risk of loss or loss of estimated profits due to internal factors such as inadequate internal activities, the existence of inadequate personnel or systems or due to external factors such as economic conditions, changes on the capital market, technological advances. Operational risk is inherent in all of the Company's activities.

The policies defined for the management of operational risk have taken into account each type of event that may generate significant risks and the ways in which they manifest themselves, in order to eliminate or diminish losses of a financial or reputational nature.

### (f) Capital Adequacy

In terms of capital adequacy, the Management policy focuses on maintaining a solid capital base, in order to support the continuous development of the Company and achieve its investment objectives.

## 5. Accounting Estimates and Significant Judgments

The Management discusses the development, selection, presentation and application of significant accounting policies and estimates. All these are approved during the meetings of the Board of Directors of SAI Muntenia Invest S.A.

These presentations supplement the information on financial risk management (see Note 4).

Significant accounting judgments for the application of the Company's accounting policies include:

### Key Sources of Estimations Uncertainty

#### *Adjustments for Depreciation of assets valued at amortised cost*

Assets recorded at amortised cost are valued at depreciation according to the accounting policy described in Note 3 (e) (v).

The valuation for depreciation of receivables is performed individually and is based on management's best estimate of the updated value of the cash flows expected to be received. To estimate these flows, management makes certain estimates regarding the financial situation of the counterparty. Each asset is analysed individually. The accuracy of the adjustments depends on the estimation of future cash flows for specific counterparties.

#### *Determining the Fair Value of Financial Instruments*

The fair value of financial instruments that are not traded in an active market is determined using the valuation techniques described in the accounting policy in Note 3 (e) (iv). For financial instruments that are rarely traded and for which there is no price transparency, fair value is less objective and is determined using various levels of estimates of liquidity, concentration, uncertainty of market factors, price assumptions and other risks that affects the concerned financial instrument.



# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 5. Accounting Estimates and Significant Judgments (continued)

### *Hierarchy of Fair Values*

The company uses the following hierarchy of methods to calculate fair value:

**Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities

**Level 2:** entries, other than quoted prices included in Level 1 that are observable for assets or liabilities, either directly (e.g. prices, quoted prices in non-active markets) or indirectly (e.g.: price derivatives)

**Level 3:** entries for assets or liabilities that are not based on observable market data (unobservable entries). This category includes all instruments for which the valuation technique includes elements that are not based on observable data and for which unobservable input parameters may have a significant effect on the valuation of the instrument. This category includes instruments that are valued on the basis of quoted prices for similar instruments but for which adjustments based largely on unobservable data or estimates are required to reflect the difference between the two instruments.

The fair value of financial assets and liabilities that are traded on active markets is based on market quoted prices or quoted prices by intermediaries.

For all other financial instruments, the Company determines fair value using valuation techniques. Valuation techniques include present net worth and discounted cash flow models, comparison with similar instruments for which there are observable market prices and other valuation techniques. Assumptions and variables used in valuation techniques include risk-free interest rates and reference rates, credit risk margins and other premiums used to estimate discount rates, bond and equity returns, exchange rates, capital price indexes, expected volatilities and correlations. The purpose of valuation techniques is to determine the fair value that reflects the price of financial instruments at the reporting date,

For shares that do not have a quoted market price in an active market, the Company uses valuation models that are usually derived from known valuation models. Some or all of the significant input data in these models may not be observable in the market and are derived from market prices or are estimated based on assumptions. Valuation models that require unobservable input elements require to a larger extent a higher level of analysis and estimation by the Management in order to determine the fair value. The analysis and estimation of the Management are involved especially in the selection of the appropriate valuation model, in determining the future cash flows of the financial instrument, in determining the probability of default by the counterparty and of advance payments, as well as in selecting the appropriate discount rates.

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 5. Accounting estimates and significant judgments

(continued) Fair value hierarchy (continued)

The table below analyses the financial instruments recorded at fair value according to the measurement method.

### September 30<sup>th</sup>, 2021

<i>In LEI</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value by profit or loss	381,516,072	-	541,112,906	922,628,978
Financial assets at fair value by other elements of comprehensive income	883,261,453	8,872,245	65,497,326	957,631,024
	<b><u>1,264,777,525</u></b>	<b><u>8,872,245</u></b>	<b><u>606,610,232</u></b>	<b><u>1,880,260,002</u></b>

### December 31, 2020

<i>In LEI</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at value fair by profit or loss	286,985,316	-	473,480,142	760,465,458
Financial assets at value fair by other elements of comprehensive income	689,958,832	27,260,957	65,244,492	782,464,281
	<b><u>976,944,148</u></b>	<b><u>27,260,957</u></b>	<b><u>538,724,634</u></b>	<b><u>1,542,929,739</u></b>

For the period ended on September 30<sup>th</sup>, 2021, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy the instruments held in bonds amounting to 91,429,048 lei, closed-end fund units amounting to 196,574,856 lei and shares held in eleven companies whose fair value of 253,109,002 lei was determined using valuation models according to the ANEVAR Valuation Standards.

For the period ended September 30, 2021, the Company presented financial assets at fair value through other elements of Comprehensive income on level 3 of the fair value hierarchy the shares held in several companies whose fair value of 65,497,326 lei was determined using methods of internal valuation, based on valuation models, approved by the Board of Directors, taking into account the credibility, quantity and quality of the information available.

For the financial year ended December 31<sup>st</sup>, 2020, the Company presented financial assets at fair value through profit or loss on level 3 of the fair value hierarchy the instruments held in bonds amounting to 83,968,674 lei, closed-end fund units amounting to 155,335,693 lei and shares held in eleven companies whose fair value of 234,175,775 lei was determined using valuation models according to the ANEVAR Valuation Standards.

For the financial year ended December 31<sup>st</sup>, 2020, the Company presented financial assets at fair value through other elements of Comprehensive income on level 3 of the fair value hierarchy the shares held in several companies whose fair value of 65,244,492 lei was determined using methods internal valuation models, based on valuation models, approved by the Board of Directors, taking into account the credibility, quantity and quality of the information available.

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 5. Accounting Estimates and Significant Judgments

(continued) Fair value hierarchy (continued)

The main assumptions used on December 31, 2020, within the valuation model for financial assets at fair value - shares, together with the related values are presented in the following table:

Assumptions used in the valuation model	Value of the indicator used in the valuation on December 31 <sup>st</sup> , 2020
Annual change in EBITDA margin	between -5% and 8%
Perpetual variation of income and expenses	2.00%
Weighted average cost of capital (WACC)	9.69% - 11.86%

Although the Company considers its own fair value estimates to be appropriate, the use of other methods or assumptions may lead to different fair value values. For fair values recognized following the use of a significant number of unobservable input data (level 3), changing one or more assumptions with other reasonable alternative assumptions would influence the profit or loss statement and other comprehensive income as follows:

Chang of the variable when evaluating on 31 December 2020	Impact on profit or loss	Impact on other elements of comprehensive income
EBITDA margin increase by 3%	6,390,000	-
EBITDA margin decrease by 3%	(6,389,000)	-
WACC increase by 0.5%	(8,288,000)	-
WACC decrease by 0.5%	9,316,000	-
Perpetual increase in income and expenses by 0.5%	5,636,000	-
Perpetual decrease in income and expenses by 0.5%	(5,002,000)	-

Considering the information available for estimating the fair value of certain shares held in companies classified as financial assets at fair value through other comprehensive income, the market approach method was used, i.e. comparing the valued company with similar companies traded on a market and determining its value by using a multiplier (of EBITDA or equity) and applying a discount for lack of liquidity.

Within the valuation model for financial assets at fair value through profit or loss - units of funds and bonds, a positive change in fair value of 10% leads to an increase in profit after tax by 24,192,328 lei on September 30<sup>th</sup>, 2021 (December 31<sup>st</sup>, 2020: 20,101,567 lei), a negative change of 10% with an equal net impact and an opposite sign.

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 5. Accounting Estimates and Significant Judgments

(continued) Fair Value Hierarchy (continued)

Reconciliation of Fair Value Valuations classified at Level 3 in the Fair Value Hierarchy

<i>In LEI</i>	Financial assets at value fair by profit or loss	Financial assets at fair value through other elements of the comprehensive income
<b>January 1<sup>st</sup>, 2020</b>	<b>577,948,289</b>	<b>67,623,934</b>
Transfers to Level 3	24,099,389	2,963,001
Transfers from Level 3	(33,837,533)	(1,077,073)
Gains or losses related to the period included in profit or loss	(99,125,018)	-
Gains or losses related to the period included in other elements of the comprehensive result	-	(3,034,860)
Purchases, participations to Share Capital	7,254,771	9,812
Sales	(2,859,756)	(1,240,322)
<b>December 31<sup>st</sup>, 2020</b>	<b>473,480,142</b>	<b>65,244,492</b>
Transfers to Level 3	25,952,661	1,764,406
Transfers from Level 3	-	(1,350,677)
Gains or losses related to the period included in profit or loss	52,482,385	-
Gains or losses related to the period included in other elements of the comprehensive result	-	13,955,385
Purchases, participations to Share Capital	-	2,257,995
Sales, decreases of Share Capital	(10,802,282)	(16,374,275)
<b>September 30<sup>th</sup>, 2021</b>	<b>541,112,906</b>	<b>65,497,326</b>

## **Notes on Financial Statements**

*for the financial period ended September 30, 2021*

### **5. Accounting Estimates and Significant Judgments (continued)**

#### *Classification of Financial Assets and Liabilities*

The Company's accounting policies provide the basis for the assets and liabilities to be included, at the outset, in various accounting categories. For the classification of assets and liabilities at fair value through profit or loss, the Company has determined that one or more of the criteria set out in Note 3 (e) (i) have been met. Details regarding the classification of the Company's financial assets and liabilities are presented in Note 21.

#### *Implications of the Covid-19 pandemic*

In the context of the Covid-19 pandemic, the Company, through its Administrator, has identified the main risks and uncertainties to which it is exposed.

The events related to the Covid-19 pandemic became significant especially in the first quarter of 2020. The Covid-19 pandemic caused uncertainties in the activity of most of the companies in which the Company holds shares and, as a result, the prices quoted on the active markets were significantly decreased, leading to a decrease in the carrying amount of financial assets in 2020.

Due to the specifics of its activity, the Company holds stakes in companies with fields of activity in various areas of the economy, some areas not being directly affected by this situation. Compared to the fair value of financial assets on December 31<sup>st</sup>, 2020, there was an increase of 24% in the period ended September 30<sup>th</sup>, 2021.

The net result of future periods may be adversely affected by the prudential measures taken by the companies in which the Company holds shares, plus the losses recorded by decreases in the market value of issuers whose fair value measurement influences the Company's profit or loss.

Except for the elements presented above, the Company's Administrator cannot accurately quantify the economic impact on its financial performance, but the analyses performed showed that the continuity of the Company's activity will not be affected.

### **6. Dividend Income**

The dividend income is recorded at gross value. Dividend tax rates for the period ended September 30<sup>th</sup>, 2021 were 5% and zero (period ended on September 30<sup>th</sup>, 2020: 5% and zero). The breakdown of the dividend income on the main holdings is presented below:

## Notes on Financial Statements

for the financial period ended September 30, 2021

### 6. Dividend Income (continued)

<i>In LEI</i>	September 30 <sup>th</sup> 2021	September 30 <sup>th</sup> 2020
Banca Transilvania SA	13,148,817	-
Biofarm SA	11,181,089	15,736,648
Unisem SA	6,391,871	-
Voluthema Property Developer SA	4,002,899	-
Firos SA	3,998,118	1,407,788
CI-CO SA	3,012,838	3,420,596
SNGN Romgaz SA	2,080,991	1,871,730
SIF Oltenia SA *)	2,610,000	1,740,000
Santierul Naval Orşova S.A. ( <i>Orşova Shipyard</i> )	1,504,600	361,104
Casa de Bucovina Club de Munte SA	-	1,573,604
OMV Petrom SA	914,787	1,002,866
Teraplast SA	699,780	-
Prefab SA	566,550	-
BRD - Société Générale SA Group	412,060	-
Bursa de Valori Bucuresti S.A. ( <i>Bucharest Stock Exchange</i> )	383,658	295,591
FIA Certinvest Shares	330,209	627,640
Semrom Oltenia SA	316,141	-
Conpet SA	245,491	251,034
SCDFEE Electrica SA	226,427	72,606
SNTGN Transgaz SA	169,312	321,776
Other	707,449	756,446
<b>Total</b>	<b><u>52,903,089</u></b>	<b><u>29,439,429</u></b>

\*) During the financial period ended September 30<sup>th</sup>, 2020, the Company recognized dividend income amounting to 1,740,000 lei and an expense with dividend tax amounting to 87,000 lei from SIF Oltenia SA, as a result of the decision of the shareholders of the Meeting Ordinary General Meeting of Shareholders, meeting on April 28<sup>th</sup>, 2020. These revenues were derecognized until the end of the financial year ended December 31<sup>st</sup>, 2020, because the Ordinary General Meeting of Shareholders convened on October 12<sup>th</sup>, 2020 revoked the distribution of net profit for 2019. Subsequently, the Ordinary General Meeting of Shareholders, convened on February 24<sup>th</sup>, 2021, decided to distribute the net profit for 2019 on the same dividend destination; in the period ended September 30<sup>th</sup>, 2021 determining the recognition of dividend income and dividend tax expenses and the derecognition of the debt for dividends received in 2020, amounting to 1,653,000 lei from SIF Oltenia SA (Note 18).

### 7. Interest income

<i>In LEI</i>	September 30 <sup>th</sup> 2021	September 30 <sup>th</sup> 2020
Interest income on deposits and current bank accounts	640,020	842,456
Interest income on valued financial assets at amortised cost	278,824	473,252
<b>Total</b>	<b><u>918,844</u></b>	<b><u>1,315,708</u></b>

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 8. Net gain / (Net loss) from Financial Assets at Fair Value through Profit or Loss

<i>In LEI</i>	September 30th 2021	September 30th 2020
Net gain / (Net loss) from financial assets at fair value through profit or loss - shares	118,103,046	18,892,011
Net gain / (Net loss) from financial assets at fair value through profit or loss - bonds	9,082,265	(23,228,145)
Net gain / (Net loss) from financial assets at fair value through profit or loss - units of fund	46,436,897	(33,804,568)
<b>Total</b>	<b><u>173,622,208</u></b>	<b><u>(38,140,702)</u></b>

## 9. Net income from resumption of asset depreciation adjustments

<i>In LEI</i>	September 30 <sup>th</sup> 2021	September 30 <sup>th</sup> 2020
Resumption of depreciation losses on other assets (Note 15) (i)	-	795,288
<b>Total</b>	<b>-</b>	<b><u>795,288</u></b>

(i) During the period ended September 30, 2020, the adjustments for the depreciation of other assets (established in 2014) were resumed as a result of the collection of receivables from the outstanding dividends from Erste Group Bank AG in the amount of 774,463 lei.

## 10. Other operating expenses

<i>In LEI</i>	September 30 <sup>th</sup> 2021	September 30 <sup>th</sup> 2020
Expenses on external benefits	1,074,023	878,704
Commission expenses	1,409,439	1,105,877
Custody Fees	277,123	220,323
Trading Expenses	1,313	6,996
Protocol, advertising and publicity expenses	85,099	83,829
Depreciation expenses representing asset rights use of underlying assets (Note 15 (ii))	6,516	41,801
Debt interest expenses leasing contract (Note 15 (ii))	2,278	15,495
Other operating expenses (i)	30,491	735,548
<b>Total</b>	<b><u>2,886,282</u></b>	<b><u>3,088,573</u></b>

(i) Other operating expenses mainly include expenses with sponsorships granted in the amount of 700,000 lei in the period ended September 30, 2020, as well as telecommunications expenses, other taxes and fees, etc.

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 11. Corporate Tax

*In LEI*

	September 30 <sup>th</sup> 2021	September 30 <sup>th</sup> 2020
<b>Current corporate Tax</b>		
Dividend Tax (5%)	1,068,503	305,493
	<b>1,068,503</b>	<b>305,493</b>
<b>Deferred Corporate tax</b>		
Financial assets at fair value through other comprehensive income	(128,433)	-
Depreciation adjustments for other assets	-	(65,567)
Tax Losses	7,181,400	-
	<b>7,052,967</b>	<b>(65,567)</b>
<b>Total</b>	<b><u>8,121,470</u></b>	<b><u>239,926</u></b>

Reconciliation of pre-tax profit with corporate tax expense:

*In LEI*

	September 30 <sup>th</sup> 2021	September 30 <sup>th</sup> 2020
<b>Profit / (Loss) before tax</b>	<b>203,659,672</b>	<b>(23,970,980)</b>
<b>Tax according to the statutory tax rate of 16% (2020: 16%)</b>	32,585,548	(3,835,357)
<b>The effect on corporate tax of:</b>		
Dividend tax rate	1,068,503	305,493
Items similar to income as a result of the adoption of IFRS 9	1,171,820	160,201
Items similar to expenses following the adoption of IFRS 9	-	-
Non-deductible expenses	8,158,613	6,766,906
Non-taxable income	(34,734,581)	(13,854,450)
Amounts representing sponsorship within legal limits	-	-
Registration and resumption of temporary differences	7,052,967	(65,567)
Current tax losses	-	-
Reported tax losses	10,762,400	-
	(7,181,400)	-
<b>Corporate tax</b>	<b><u>8,121,470</u></b>	<b><u>239,926</u></b>



## Notes on Financial Statements

for the financial period ended September 30, 2021

<b>12. Cash and Current Accounts</b>		
<i>In LEI</i>	<b>September 30<sup>th</sup>, 2021</b>	<b>December 31<sup>st</sup>, 2020</b>
Cash in hand (petty cash)	2,019	1,455
Current bank accounts	69,173,045	29,426,663
<b>Total</b>	<b><u>69,175,064</u></b>	<b><u>29,428,118</u></b>
The current accounts opened with banks are always available to the Company and they are not Restricted, nor encumbered.		
<b>13. Deposits with Banks</b>		
<i>In LEI</i>	<b>September 30<sup>th</sup>, 2021</b>	<b>December 31<sup>st</sup>, 2020</b>
Bank deposits with original maturity of more than 3 months and less than one year (s)	34,216,500	35,424,000
Attached Receivables	105,286	142,325
Locked deposits	0	1,000
<b>Total</b>	<b><u>34,321,786</u></b>	<b><u>35,567,325</u></b>

(i) The bank deposits are permanently available to the Company and are not restricted nor encumbered.

## 14. Financial assets

### a) Financial assets at fair value through profit or loss

<i>In LEI</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Bonds (i)	91,429,048	83,968,674
Actions (ii)	603,355,586	495,089,337
Fund units (iii)	227,844,344	181,407,447
<b>Total</b>	<b><u>922,628,978</u></b>	<b><u>760,465,458</u></b>

(i) The company holds 501 bonds issued by OPUS Chartered Issuances SA with a maturity of two years (extended maturity starting with September 2020), with an acquisition cost of 29,205,275 lei, equivalent to 6,389,253 euros and a fixed annual interest, in value of 200.00 euros per bond.

On September 30, 2021, the Company valued these securities using a valuation model that takes into account the closing quotation published by Bloomberg 14,860.11 euro / certificate (December 31, 2020: 12,819.00 euro / certificate) as well as an adjustment factor that has mainly considering the liquidity risk on the instrument market. The previously mentioned adjustment factor determined the decrease of the fair value of these securities by 1,571,774 lei registered at the expense of profit or loss in 2020 and not recorded in the period ended on September 30, 2021.

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 14. Financial assets (continued)

### a) Financial Assets at Fair Value through Profit or Loss (continued)

The Company also holds 1,140 bonds issued by OPUS Chartered Issuances SA with a maturity of two years (extended maturity starting with September 2020) with an acquisition cost of 44,621,357 lei, equivalent to 10,000,080 euros and an annual interest fixed, amounting to 200.00 euros per bond.

On September 30<sup>th</sup>, 2021, the Company valued these securities using a valuation model that takes into account the closing quotation published by Bloomberg 10,440.71 euro / certificate (December 31<sup>st</sup>, 2020: 10,193.00 euro / certificate) as well as an adjustment factor that has mainly considering the liquidity risk on the instrument market. The previously mentioned adjustment factor determined the decrease of the fair value of these securities by 2,847,630 lei registered at the expense of profit or loss in 2020 and not recorded in the period ended on September 30<sup>th</sup>, 2021.

The acquisition of these types of financial instruments is part of the investment policy of SIF Muntenia S.A. to diversify the investment portfolio.

(ii) As of September 30<sup>th</sup>, 2021, the fair value of the subsidiaries is 603,355,586 lei (December 31<sup>st</sup>, 2020: 494,528,336 lei) see Note 23 (iii). During the period ended September 30, 2021, the Company sold its stake in the subsidiary of Geecsatherm S.A.

The valuation of the shares at fair value was Drafted, at the closing price on the last trading day of the reporting period or by obtaining values of the package of shares from valuation reports performed by independent appraisers.

(iii) As of September 30<sup>th</sup>, 2021, the Company holds fund units valued at fair value, of which: for open-end investment funds (Star Next, Star Focus, Prosper Invest, Active Dynamic) amounting to 24,028,040 lei and for closed-end investment funds / investment funds. alternative investments (BET-FI Index Invest, Multicapital Invest, Active Plus, Star Value, Optim Invest, Certinvest Acțiuni and Romania Strategy Fund) amounting to 203,816,304 lei.

### b) Financial assets at fair value through other comprehensive income

<i>In LEI</i>	<b>September 30<sup>th</sup>, 2021</b>	<b>December 31<sup>st</sup>, 2020</b>
Shares appraised at fair value (i)	957,631,024	782,464,281
<b>Total</b>	<b><u>957,631,024</u></b>	<b><u>782,464,281</u></b>

(i) As of September 30<sup>th</sup>, 2021 and December 31<sup>st</sup>, 2020, the category of shares valued at fair value mainly includes the value of shares held in Banca Transilvania SA, BRD - Groupe Société Générale SA, SIF Banat-Crișana SA, SIF Oltenia SA, SNGN Romgaz SA, Romaero SA.

The fair value was determined at the closing price on the last trading day of the reporting period or by obtaining values of the share package using valuation models.

## Notes on Financial Statements

for the financial period ended September 30, 2021

### 14. Financial Assets (continued)

#### *b) Financial Assets at fair value through other comprehensive income (continued)*

The movement of financial assets at fair value through other comprehensive income in the period ended September 30, 2021 is presented in the following table:

<i>In LEI</i>	<b>Shares valued at fair value</b>
<b>December 31<sup>st</sup>, 2020</b>	<b><u>782,464,281</u></b>
Net change during the period	(16,837,068)
Changing the fair value	192,003,811
<b>September 30<sup>th</sup>, 2021</b>	<b><u>957,631,024</u></b>

The movement of financial assets at fair value through other comprehensive income in the period ended September 30<sup>th</sup>, 2020 is presented in the following table:

<i>In LEI</i>	<b>Shares valued at fair value</b>
<b>December 31<sup>st</sup>, 2019</b>	<b><u>798,621,743</u></b>
Net change during the period	(4,130,672)
Changing the fair value	(81,992,319)
<b>September 30<sup>th</sup>, 2020</b>	<b><u>712,498,752</u></b>

#### *c) Financial assets valuated at amortised cost*

<i>In LEI</i>	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Corporate bonds - other currencies	5,025,813	4,877,838
Corporate obligations - LEI	1,029,260	1,007,071
<b>TOTAL</b>	<b><u>6,055,073</u></b>	<b><u>5,884,909</u></b>
<b>of which due in one year:</b>		
Corporate bonds - in other currencies	4,947,100	4,869,400
Corporate obligations - LEI	1,000,000	1,000,000

On September 30<sup>th</sup>, 2021 and December 31<sup>st</sup>, 2020, the Company holds listed bonds issued by Capital Leasing IFN S.A. and Impact Developer & Contractor S.A.

## Notes on Financial Statements

for the financial period ended September 30, 2021

15. Other assets		
<i>In LEI</i>	September 30 <sup>th</sup> , 2021	December 31 <sup>st</sup> , 2020
Miscellaneous debtors	7,857,707	7,959,483
Dividends receivable	20,990,592	4,532,591
Assets representing usage rights of underlying assets under a leasing contract (i)	30,413	38,739
Tangible fixed assets	-	1,267
Other assets	54,991	40,792
Adjustments for depreciation of miscellaneous debtors	(7,857,656)	(7,857,656)
<b>Total</b>	<b><u>21,076,047</u></b>	<b><u>4,715,216</u></b>
<i>of which, Credit Risk (Note 4 (b)):</i>	20,990,643	4,634,418

(i) During the financial year ended December 31<sup>st</sup>, 2020, the Company concluded a lease contract for obtaining the right of use over the premises in the Serghei Vasilievici Rahmaninov Street, no. 46-48, sector 2, Bucharest, as a tenant. The company estimated the initial value of the asset related to the right of use at a value equal to the discounted debt arising from this contract of 44,698 lei. During the period ended September 30<sup>th</sup>, 2021, the Company revalued the debt arising from the lease as a result of changes in future lease payments for the remaining term of the lease, recognizing the revaluation amount as an adjustment to the cost of the right to use the asset. The revalued value of the asset related to the right of use is 42,889 lei.

For this contract, the Company recognized during the period ended September 30<sup>th</sup>, 2021 expenses with depreciation in the amount of 6,516 lei and expenses with interest in the amount of 2,278 lei. The total cash outflows related to the contracts during the period ended September 30<sup>th</sup>, 2021 amounted to 7,690 lei.

## Notes on Financial Statements

for the financial period ended September 30, 2021

### 16. Dividends to be paid

<i>In LEI</i>	September 30 <sup>th</sup> , 2021	December 31 <sup>st</sup> , 2020
Dividends to be paid, seized and related to the profits of the years 2011-2015 (i)	459,547	335,579
Dividends to be paid related to the profit of 2016	-	14,461,489
Dividends to be paid related to the profit for 2017	12,833,710	12,875,509
Total Dividends to be paid	<b><u>13,293,257</u></b>	<b><u>27,672,577</u></b>

For dividends not claimed within 3 years from the date of declaration, the General Meeting of Shareholders of the Company approved their prescription on the account of equity (result carried forward).

(i) Seized dividends to be paid are dividends blocked as a result of preventive attachments or seizures.

### 17. Deferred Corporate Tax Liabilities

Deferred tax liabilities as of September 30, 2021 are generated by the items detailed in the following table:

<i>In LEI</i>	assets	liability	Net
Financial assets at fair value through other elements of comprehensive income	407,109,528	-	407,109,528
Depreciation adjustments and other provisions	-	7,857,656	(7,857,656)
Tax losses	-	25,148,338	(25,148,338)
<b>Total</b>	<b><u>407,109,528</u></b>	<b><u>33,005,994</u></b>	<b><u>374,103,534</u></b>
Net temporary differences - 16% quota			374,103,534
<b>Deferred corporate tax liabilities</b>			<b><u>59,856,565</u></b>

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 17. Deferred Corporate Tax Liabilities (continued)

Deferred tax liabilities on December 31<sup>st</sup>, 2020 are generated by the items detailed in the following table:

<i>In LEI</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through other elements of Comprehensive income	250,799,027	-	250,799,027
Depreciation adjustments and other provisions	-	7,857,656	(7,857,656)
Tax losses	-	70,032,088	(70,032,088)
<b>Total</b>	<b><u>250,799,027</u></b>	<b><u>77,889,744</u></b>	<b><u>172,909,283</u></b>
Net temporary differences - share 16%			<u>172,909,283</u>
<b>Deferred Corporate tax liabilities</b>			<b><u>27,665,485</u></b>

The balance of the deferred Corporate Tax recognized directly by decreasing equity at September 30, 2021 is 59,372,092 lei (December 31, 2020: 34,233,979 lei), being generated entirely by financial assets at fair value through other elements of the global result, for assets held for a period of less than one year and less than 10% of the issuer's share capital.

The Company has recognized a deferred tax asset for the tax loss recorded in the financial year ended December 31<sup>st</sup>, 2020 because it is probable that future profits will be realized to cover the tax loss. On September 30<sup>th</sup>, 2021, the Company recovered 44,883,750 lei from the fiscal loss, recognizing a deferred tax expense of 7,181,400 lei (Note 11).

## 18. Other Debts

<i>In LEI</i>	<b>September 30, 2021</b>	<b>December 31st, 2020</b>
Suppliers - not arrived invoices	3,091,216	2,520,887
Taxes and fees	15,958	15,950
Internal suppliers	14,914	22,845
Debts from the leasing contract (Note 15 ii))	33,796	40,419
Other debts (ii)	299,713	3,046,011
<b>Total</b>	<b><u>3,455,597</u></b>	<b><u>5,646,112</u></b>

(i) As of September 30<sup>th</sup>, 2021, suppliers - not arrived invoices represent, mainly, the debt related to the monthly management fee amounting to 2,562,621 lei (December 31<sup>st</sup>, 2020: 2,018,063 lei).

(ii) During the financial year ended December 31<sup>st</sup>, 2020, the Company recognized a debt for dividends received in the amount of RON 1,653,000 from SIF Oltenia SA, as a result of the decision of the shareholders of the Ordinary General Meeting of Shareholders, convened on October 12<sup>th</sup>, 2020, by which the distribution of the net profit of 2019 was revoked, initially approved in the Assembly

Ordinary General Meeting of Shareholders held on April 28, 2020. During the period ended on September 30<sup>th</sup>, 2021 The Company recognized this liability as a result of the decisions of the shareholders at the Ordinary General Meeting of Shareholders, held on February 24<sup>th</sup>, 2021 regarding the distribution of the net profit for 2019 on the destination of dividends (Note 6).

## Notes on Financial Statements

for the financial period ended September 30, 2021

### 19. Capital and Reserves

#### (a) Share capital

The shareholding structure of the Company is:

September 30 <sup>th</sup> , 2021	Number of shareholders	Number of shares	Sum (LEI)	(%)
Individuals	5,939,351	509,235,982	50,923,598	64.90
Legal entities	137	275,409,219	27,540,922	35.10
<b>Total</b>	<b><u>5,939,488</u></b>	<b><u>784,645,201</u></b>	<b><u>78,464,520</u></b>	<b><u>100</u></b>

December 31 <sup>st</sup> , 2020	Number of shareholders	Number of shares	Sum (LEI)	(%)
Individuals	5,941,618	510,485,689	51,048,569	65.06
Legal entities	159	274,159,512	27,415,951	34.94
<b>Total</b>	<b><u>5,941,777</u></b>	<b><u>784,645,201</u></b>	<b><u>78,464,520</u></b>	<b><u>100</u></b>

All shares are ordinary, subscribed and paid in full as of September 30<sup>th</sup>, 2021. All shares have the same voting rights and have a nominal value of 0.1 lei / share. The number of shares authorized to be issued is equal to the number of issued shares.

The reconciliation of the share capital according to IFRS with the one according to the Articles of Incorporation is presented in the following table:

<i>In LEI</i>	September 30, 2021	December 31st, 2020
Share capital according to the Articles of Incorporation	78,464,520	78,464,520
Hyperinflation Effect - IAS 29	781,006,539	781,006,539
<b>Retreated share capital</b>	<b><u>859,471,059</u></b>	<b><u>859,471,059</u></b>

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## **19. Capital and Reserves (continued)**

### **(b) Reserves from the revaluation of financial assets at fair value through other comprehensive income**

This reserve includes the cumulative net changes in the fair values of financial assets at fair value through other comprehensive income from the date of classification in this category until the date on which they were derecognised.

Reserves from the revaluation of financial assets at fair value through other comprehensive income are recorded net of deferred tax. The amount of deferred tax recognized directly through depreciation of equity is shown in Note 17.

### **(c) Retained earnings representing realized surplus - IFRS 9**

Upon derecognition of equity instruments designated as financial assets at fair value through other comprehensive income (see Note 14 b) (i)), the gains/losses on these instruments are reclassified to retained earnings as a revaluation surplus.

During the period ended September 30<sup>th</sup>, 2021, as a result of the application of accounting policies according to IFRS 9 and detailed in Note 3 e) (vii), the Company recognized in the carried forward result the net gain from the disposal of financial assets. The surplus realized by the Company as a result of the transfer of financial assets at fair value through other elements of the global result was in the amount of 17,318,769 lei. In addition, as a result of the transfer of financial assets at fair value through profit or loss, the value of RON 5,086,398 was transferred from the carried forward result to the carried forward result representing the realized surplus.

During the financial year ended December 31<sup>st</sup>, 2020, as a result of the application of accounting policies according to IFRS 9 and detailed in Note 3 e) (vii), the Company recognized in the carried forward result the net gain from the disposal of financial assets. The surplus realized by the Company as a result of the transfer of financial assets at fair value through other elements of the global result was in the amount of 1,571,980 lei. In addition, as a result of the transfer of financial assets at fair value through profit or loss, the negative value of 116,417 lei was transferred from retained earnings to retained earnings representing realized surplus.

Amounts recognized in reserves from the revaluation of financial assets at fair value through other comprehensive income will not be reclassified to profit or loss on derecognition of these instruments.

### **(d) Legal Reserves**

According to the legal requirements, the Company constitutes legal reserves in the amount of 5% of the gross registered profit up to the level of 20% of the share capital according to the Articles of Incorporation. The value of the legal reserve as of September 30, 2021 is 15,692,904 lei (December 31<sup>st</sup>, 2020: 15,692,904 lei).

Legal reserves cannot be distributed to shareholders. The value of legal reserves was included in the statement of financial position, in the line "Profit carried forward".



## Notes on Financial Statements

*for the financial period ended September 30, 2021*

### 20. Earnings Per Share

The calculation of the result per basic share was performed based on the net profit and the weighted average number of ordinary shares:

<i>In LEI</i>	<b>September 30, 2021</b>	<b>September 30, 2020</b>
Net profit / (Net loss)	195,538,202	(24,210,906)
Weighted average number of ordinary shares	784,645,201	784,645,201
<b>Basic earnings per share</b>	<b><u>0.2492</u></b>	<b><u>(0.0309)</u></b>

Diluted earnings per share are equal to basic earnings per share, as the Company has not recorded any potential ordinary shares.

## Notes on Financial Statements

for the financial period ended September 30, 2021

### 21. Financial Assets and Liabilities

#### Accounting classifications and fair values

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as of September 30, 2021:

	Fair value through profit or loss	Fair value through other elements of comprehensive income	Amortised cost	Accounting value total	Fair value
Cash and current accounts	-	-	69,175,064	69,175,064	69,175,064
Deposits with banks	-	-	34,321,786	34,321,786	34,321,786
Financial assets at fair value through profit or loss	922,628,978	-	-	922,628,978	922,628,978
Financial assets at fair value through other elements of the comprehensive income	-	957,631,024	-	957,631,024	957,631,024
Financial assets valued at amortised cost	-	-	6,055,073	6,055,073	6,468,315
Other financial assets	-	-	20,990,643	20,990,643	20,990,643
<b>Total financial assets</b>	<b>922,628,978</b>	<b>957,631,024</b>	<b>130,542,566</b>	<b>2,010,802,568</b>	<b>2,011,215,810</b>
Dividends to be paid	-	-	(13,293,257)	(13,293,257)	(13,293,257)
Other financial debts	-	-	(3,455,597)	(3,455,597)	(3,455,597)
<b>Total financial debt</b>	<b>-</b>	<b>-</b>	<b>(16,748,854)</b>	<b>(16,748,854)</b>	<b>(16,748,854)</b>

In order to estimate the fair value of financial assets and liabilities valued at amortised cost, the Company used the following estimates and made the following significant judgments: for items of cash and cash equivalents, other financial assets and liabilities that are issued or held for very short periods. short and generally non-interest-bearing or fixed-interest, the Company has approximated fair value at cost; for financial assets valued at amortised cost, the Company used valuation techniques of the nature of discounted cash flows, using observable market entry data (as such, the valuation was performed using Level 3 techniques).

## Notes on Financial Statements

for the financial period ended September 30, 2021

### 21. Financial Assets and Liabilities (continued)

The table below summarizes the carrying amounts and fair values of the Company's financial assets and liabilities as of December 31st, 2020:

<i>In LEI</i>	Fair value through profit or loss	Fair value through other elements of comprehensive income	Amortised cost	Accounting value total	Fair value
Cash and current accounts	-	-	29,428,118	29,428,118	29,428,118
Deposits with banks	-	-	35,567,325	35,567,325	35,567,325
Financial assets at fair value through profit or loss	760,465,458	-	-	760,465,458	760,465,458
Financial assets at fair value through other elements of the comprehensive income	-	782,464,281	-	782,464,281	782,464,281
Financial assets valued at amortised cost	-	-	5,884,909	5,884,909	6,557,460
Other financial assets	-	-	4,634,417	4,634,417	4,634,417
<b>Total financial assets</b>	<b>760,465,458</b>	<b>782,464,281</b>	<b>75,514,769</b>	<b>1,618,444,508</b>	<b>1,619,117,059</b>
Dividends to be paid	-	-	(27,672,577)	(27,672,577)	(27,672,577)
Other financial debts	-	-	(5,646,112)	(5,646,112)	(5,646,112)
<b>Total financial debt</b>	<b>-</b>	<b>-</b>	<b>(33,318,689)</b>	<b>(33,318,689)</b>	<b>(33,318,689)</b>

For estimating the fair value of financial assets and liabilities valued at amortised cost, the Company used the following estimates and made the following significant judgments: for items of cash and cash equivalents, other financial assets and liabilities that are issued or held for very short periods, short and generally non-interest-bearing or fixed-interest, the Company has approximated fair value at cost; for financial assets valued at amortised cost, the Company used valuation techniques of the nature of discounted cash flows, using observable market entry data (as such, the valuation was performed using Level 3 techniques).

# Notes on Financial Statements

for the financial period ended September 30, 2021

## 22. Liabilities and Contingent Liabilities

### (a) Lawsuits

The company is the subject of a number of lawsuits resulting in the normal course of business. The management of the Company considers, based on the consultations with its lawyers, that these actions will not have a significant adverse effect on the economic results and the financial position of the Company.

### (b) Environmental Contingencies

Environmental regulations are evolving in Romania, and the Company did not register any contingencies as of September 30<sup>th</sup>, 2021 and December 31<sup>st</sup>, 2020 for any anticipated expenses, including legal and consulting fees, site studies, design and implementation of remedy plans with regard to environmental elements. The Company's management does not consider the expenses associated with possible environmental problems to be significant.

### (c) Transfer Price

The Romanian tax legislation contains rules on transfer pricing between affiliates since 2000. The current legislative framework defines the principle of "market value" for transactions between affiliates, as well as the methods of establishing transfer pricing. As a result, it is expected that the tax authorities will initiate thorough checks on transfer pricing to ensure that the tax result is not distorted by the effect of prices in relations with affiliates. The company did not exceed the value level of the transactions carried out with the affiliated parties, provided by the legal regulations in force, for the preparation of the transfer pricing file.

## 23. Transactions and Balances with Parties in a Special Relationship

The company identified in the course of its activity the following parties in special relations:

### (i) Company Management

The company operates on the basis of a management contract concluded with the Investments Management Company Muntenia Invest S.A. The majority shareholder of the Investments Management Company Muntenia Invest S.A. is SIF Banat-Crișana S.A., which held 99.98% of the share capital as of September 30<sup>th</sup>, 2021.

The transactions carried out between the Company and the Manager were the following:

<i>In LEI</i>		
<i>Receivables and payables</i>	<b>September 30<sup>th</sup>, 2021</b>	<b>December 31<sup>st</sup>, 2020</b>
Debts regarding the administration commission	(2,562,621)	(2,018,063)
<i>Income and expenses</i>	<b>September 30<sup>th</sup>, 2021</b>	<b>September 30<sup>th</sup>, 2020</b>
Management fees (i)	(21,071,534)	(14,109,474)

- (i) During the period ended September 30<sup>th</sup>, 2021, the management fees amounting to 21,071,534 lei (period ended on September 30, 2020: 14,109,474 lei) include monthly management commissions based on the management contract concluded between the parties.

## Notes on Financial Statements

for the financial period ended September 30, 2021

### 23. Transactions and Balances with Parties in a Special Relationship (continued)

#### (ii) Key Management Personnel

September 30<sup>th</sup>, 2021

- ☐ Members of the Board of Directors of SAI Muntenia Invest S.A.: Adrian Simionescu, Sergiu Mihailov and Dorina Teodora Mihăilescu.
- ☐ Members of the effective management of SAI Muntenia Invest S.A.: Nicușor Marian Buică - General Manager, Sergiu Mihailov - Corporate Administration Manager.

#### Transactions with the Company's staff:

	September 30 <sup>th</sup> , 2021	September 30 <sup>th</sup> , 2020
<i>Other transactions</i>		
Expenses on compensation to members of the Board of Shareholders' Representatives, of which:	330,354	330,354
- gross allowances paid to members	323,082	323,082
- expenses on social insurance and social security	7,272	7,272
- number of members	3	3
Expenses on staff salaries, of which:	5,287	24,833
- gross salaries paid or payable	5,170	23,841
- expenses on social insurance and social security	117	992
- number of employees	1	1

The company had an actual number of 1 employee and 3 members in the Board of Shareholders' Representatives as of September 30<sup>th</sup>, 2021. The members of the Board of Shareholders' Representatives were elected during the AGOA of SIF Muntenia of June 25<sup>th</sup>, 2018.

## Notes on Financial Statements

for the financial period ended September 30, 2021

### 23. Transactions and Balances with Parties in a Special Relationship (continued)

#### (iii) Subsidiaries (companies controlled by SIF Muntenia)

All the Company's subsidiaries on September 30, 2021 and December 31st, 2020 are based in Romania. For these, the holding percentage of the Company is not different from the percentage of the number of votes held. The fair value of holdings in subsidiaries and the holding percentage are shown in the table below:

Name of Subsidiary	Fair value as of September 30 <sup>th</sup> 2021	Fair value as of December 31 <sup>st</sup> 2020	Percentage held as of September 30 <sup>th</sup> 2021	Percentage held as of December 31 <sup>st</sup> , 2020
Avicola Bucharest SA	18,544,055	18,544,055	99.40%	99.40%
Biofarm SA	324,251,584	217,523,006	51.58%	51.58%
Bucur SA	24,099,389	24,099,389	67.98%	67.98%
Casa de Bucovina - Club de Munte SA	11,183,827	8,992,022	69.25%	69.25%
CI-CO SA	45,330,424	45,330,424	97.34%	97.34%
Firos SA	37,353,668	37,353,668	99.69%	99.69%
FRGC IFN SA	9,660,624	9,660,624	54.59%	54.59%
Geccsatherm SA	-	7,019,434	-	50.00%
Germina Agribusiness SA	25,952,661	23,275,467	90.68%	90.68%
ICPE SA	22,219,006	22,219,006	50.32%	50.32%
Mindo SA	3,161,601	3,161,601	98.02%	98.02%
Muntenia Medical Competences SA	30,292,301	30,292,301	99.76%	99.76%
Semrom Oltenia SA	12,007,541	12,007,541	88.49%	88.49%
Unisem SA	14,811,173	10,562,066	76.91%	76.91%
Voluthema Property Developer SA	24,487,732	24,487,732	99.97%	99.97%
<b>Total</b>	<b><u>603,355,586</u></b>	<b><u>494,528,336</u></b>	<b>=</b>	<b>=</b>

#### (iv) Associated Entities of the Company

As of September 30<sup>th</sup>, 2021 and December 31<sup>st</sup>, 2020, the Company has no holdings with associates.

#### (v) Transactions and Balances with the Company's Subsidiaries

The transactions concluded by the Company with the parties in a special relationship took place within the normal course of business. The company did not receive or grant any guarantees in favour of any party in a special relationship.

Income and expenses	September 30 <sup>th</sup> , 2021	September 30 <sup>th</sup> , 2020
Purchases of goods and services	-	(52,175)

During the period ended on September 30<sup>th</sup>, 2021, the Company sold the package of shares held in the ITC Institutul pentru Tehnica de Calcul S.A. (*Institute for Computer Technology*), to the subsidiary Voluthema Property Developer S.A. The value of the transaction was 2,700,751 lei.

# Notes on Financial Statements

*for the financial period ended September 30, 2021*

## 24. Events after the Reporting Period

### General Meetings of Shareholders of 18<sup>th</sup> /19<sup>th</sup> October, 2021

During the AGOA (OGMS) of October 19<sup>th</sup>, 2021, held at the second convocation, the appointment of the financial auditor Deloitte Audit SRL was approved for a period of 2 years, starting 01<sup>st</sup>.05.2022, for the financial years 2022-2023.

During the AGEA (EGMS) of October 19<sup>th</sup>, 2021, held at the second convocation, the amendment of the Articles of Association of the Company was approved, respectively Art. 8 para. (8) and Art. 14 para. (2) shall have the following content:

- "The annual financial statements of SIF Muntenia SA will be audited by a financial auditor who meets the conditions provided by the legislation in force and by the ASF regulations."
- "The net asset value (NAV) of SIF Muntenia SA is calculated monthly, according to the applicable legal regulations."

The current report related to the AGOA (OGMS) and the AGEA (EGMS) of October 19, 2021 is available for consultation on the company's website, [www.sifmuntenia.ro](http://www.sifmuntenia.ro), in the dedicated section.

### Convening of the Extraordinary General Meeting of Shareholders of SIF MUNTENIA SA for November 15<sup>th</sup> /16<sup>th</sup>, 2021

On 07<sup>th</sup>.10.2021, the AGEA was convened for 15.11.2021, having as an item on the agenda the revocation of Decision no. 3 of the Extraordinary General Meeting of the Company of 23.04.2020 regarding the development by SIF Muntenia S.A. of a Program for the redemption of its own shares. In case of non-fulfilment of the legal and statutory quorum conditions at the date of the first convocation, the meeting will take place at the second convocation, which will take place on 16.11.2021.

For details, please see the company's website (<http://www.sifmuntenia.ro>), section Investor Information / Corporate Events / General Meeting of Shareholders / 2021.

### Authorization by ASF of the Key Management Personnel

By the ASF Authorization no. 226 of November 1<sup>st</sup>, 2021, Mrs. Dorina Teodora Mihăilescu was authorized as a member of the Board of Directors of SAI Muntenia Invest S.A. for a term of 4 years, starting with December 27<sup>th</sup>, 2021.

By the ASF Authorization no. 227 of November 1<sup>st</sup>, 2021, Mr. Nicușor Marian Buică was authorized as a Director of SAI Muntenia Invest S.A. for a term of 4 years, starting with December 22<sup>nd</sup>, 2021.

ADMINISTRATOR,  
SAI MUNTENIA INVEST S.A.  
Nicușor Marian BUICĂ  
CEO

DRAFTED,  
SAI MUNTENIA INVEST S.A.  
Irina MIHALCEA  
Chief Accountant