

SIF Muntenia S.A.

Financial Statements

as at 31 December 2021

prepared according to Norm no. 39/2015 for  
the approval of Accounting Regulations in  
accordance with International Financial  
Reporting Standards, applicable to entities  
authorised, regulated and supervised by the  
Financial Supervisory Authority of the  
Financial Instrument and Investment Sector

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# The Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2021

<i>In RON</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Income</b>			
Dividend income	6	52,903,094	49,348,263
Interest income	7	1,357,621	1,723,224
Other operating income		4,000	-
<b>Investment gain</b>			
Net foreign exchange gains		513,145	178,712
Net gain/(Net loss) on financial assets at fair value through profit or loss	8	271,741,882	(63,537,403)
<b>Expenses</b>			
Net income from reversal of impairment of assets		-	806,709
<b>Administrative expenses</b>			
Management fees	22	(52,895,241)	(19,939,043)
Expenses on the remuneration of the members of the Board of Shareholders' Representatives and salaries	22	(447,523)	(467,016)
Other operating expenses	9	(4,164,662)	(4,210,642)
<b>Profit/(Loss) before tax</b>		<b>269,012,316</b>	<b>(36,097,196)</b>
Profit tax	10	(2,824,679)	10,240,894
<b>Net profit/(Net loss) for the period</b>		<b>266,187,637</b>	<b>(25,856,302)</b>
<b>Other comprehensive income</b>			
<b>Items that cannot be reclassified as profit or loss</b>			
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax		138,804,795	(6,379,368)
<b>Other comprehensive income</b>		<b>138,804,795</b>	<b>(6,379,368)</b>
<b>Total comprehensive income for the period</b>		<b>404,992,432</b>	<b>(32,235,670)</b>
<b>Earnings per share</b>			
Basic	19	0.339	(0.033)
Diluted	19	0.339	(0.033)

The financial statements were authorised for issue by the Board of Directors on 19 March 2022 and were signed on its behalf by SAI Muntenia Invest S.A., the manager of SIF Muntenia S.A., through:

MANAGER,  
SAI MUNTENIA INVEST S.A.  
Nicuşor Marian BUICĂ  
CEO

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

The notes on pages 7 to 54 are an integral part of the Financial Statements.

# The Statement of Financial Position

as at 31 December 2021

<i>In RON</i>	<i>Note</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<b>Assets</b>			
Cash and cash equivalents	11	13,076,220	29,428,118
Deposits with banks	12	81,853,590	35,567,325
Financial assets at fair value through profit or loss	13 a)	1,022,991,600	760,465,458
Financial assets at fair value through other comprehensive income	13 b)	941,366,194	782,464,281
Financial assets measured at amortised cost	13 c)	5,964,525	5,884,909
Other assets	14	69,021	4,715,215
<b>Total assets</b>		<b>2,065,321,150</b>	<b>1,618,525,306</b>
<b>Liabilities</b>			
Dividends payable	15	13,293,319	27,672,577
Deferred income tax liabilities	16	47,718,341	27,665,485
Other liabilities	17	27,438,405	5,646,112
<b>Total liabilities</b>		<b>88,450,065</b>	<b>60,984,174</b>
<b>Equity</b>			
Share capital	18 a)	859,471,059	859,471,059
Retained earnings		806,896,611	501,786,070
Reserves from revaluation of financial assets at fair value through other comprehensive income	18 b)	310,503,415	196,284,003
<b>Total equity</b>		<b>1,976,871,085</b>	<b>1,557,541,132</b>
<b>Total liabilities and equity</b>		<b>2,065,321,150</b>	<b>1,618,525,306</b>

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# The Statement of Changes in Equity

for the financial year ended 31 December 2021

In RON

	Share capital	Own shares	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Retained earnings	Total
<b>Balance as at 31 December 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 period</i>	-	-	-	266,187,637	266,187,637
<i>Other comprehensive income</i>					-
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax	-	-	138,804,795	-	138,804,795
Reserve relating to financial assets at fair value through other comprehensive income transferred to retained earnings	-	-	(24,585,383)	24,585,383	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>114,219,412</b>	<b>290,773,020</b>	<b>404,992,432</b>
<b>Transactions with shareholders, recognised directly in equity</b>					
Forfeited dividends	-	-	-	14,337,521	14,337,521
Share capital decrease	-	-	-	-	-
Own shares redeemed	-	-	-	-	-
<b>Total transactions with shareholders, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,337,521</b>	<b>14,337,521</b>
<b>Balance as at 31 December 2021</b>	<b>859,471,059</b>	<b>-</b>	<b>310,503,415</b>	<b>806,896,611</b>	<b>1,976,871,085</b>

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## The Statement of Changes in Equity (continued)

for the financial year ended 31 December 2021

In RON

	Share capital	Own shares	Reserves from the revaluation of financial assets at fair value through other comprehensive income	Retained earnings	Total
<b>Balance as at 31 December 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 for the period</i>	-	-	-	(25,856,302)	(25,856,302)
<i>Other comprehensive income</i>					
Revaluation at fair value of financial assets at fair value through other comprehensive income, net of deferred tax	-	-	(6,379,368)	-	(6,379,368)
Reserve relating to financial assets at fair value through other comprehensive income transferred to retained earnings	-	-	(670,075)	670,075	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(7,049,443)</b>	<b>(25,186,227)</b>	<b>(32,235,670)</b>
<b>Transactions with shareholders, recognised directly in equity</b>					
Forfeited dividends	-	-	-	15,750,568	15,750,568
Share capital decrease	(24,526,610)	16,345,504	-	8,181,106	-
Own shares redeemed	-	-	-	-	-
<b>Total transactions with shareholders, recognised 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 at 31 December 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>

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# The Cash Flow Statement

for the financial year ended 31 December 2021

In RON

	Note	2021	2020
<b>Operating activities</b>			
Profit/(Loss) before tax		269,012,316	(36,097,196)
<i>Adjustments:</i>			
Net income from the reversal of impairment of assets		-	(806,709)
(Net gain)/Net loss on financial assets at fair value through profit or loss	8	(271,741,882)	63,537,403
Dividend income	6	(52,903,094)	(49,348,263)
Interest income	7	(1,357,621)	(1,723,224)
Net foreign exchange gains		(513,145)	(178,712)
Interest expense related to the lease contract liability	9	2,971	16,339
Adjustments for suppliers – invoiced to be received		26,767,094	2,018,141
Other adjustments		10,395	46,549
<b>Changes in assets and liabilities related to operating activities</b>			
Payments for financial assets at fair value through profit or loss		(12,242,830)	(9,337,235)
Receipts from financial assets at fair value through profit or loss		21,458,570	2,798,340
Payments for financial assets at fair value through other comprehensive income		(70,399,471)	(5,439,376)
Receipts from financial assets at fair value through other comprehensive income		68,599,033	5,330,545
Receipts from financial assets measured at amortised cost		-	5,507,709
Changes in other assets		1,724,894	430,094
Changes in other liabilities		(4,924,553)	(9,825,677)
Net investment in deposits with a maturity of more than 3 months and less than a year	12	(46,245,858)	(9,694,500)
Dividends received		54,714,182	46,234,435
Interest received		1,304,932	1,760,279
Profit tax paid		-	(851,341)
<b>Net cash resulting from operating activities</b>		<b>(16,734,067)</b>	<b>4,377,601</b>
<b>Investment activities</b>			
Payments for purchases of tangible and intangible assets		(209)	(179)
Proceeds from the sale of tangible assets		-	-
<b>Net cash (used in)/resulting from investment activities</b>		<b>(209)</b>	<b>(179)</b>
<b>Financing activities</b>			
Dividends paid, including dividend tax paid		(43,207)	(133,711)
Payments related to the lease contract liability, including interest	14ii)	(10,273)	(61,424)
Redemption of own shares	18 f)	-	-
<b>Net cash used in financing activities</b>		<b>(53,480)</b>	<b>(195,135)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(16,787,756)</b>	<b>4,182,287</b>
Effect of exchange rate changes on cash and cash equivalents		435,858	(4,239)
Cash and cash equivalents as at 1 January		29,428,118	25,250,070
<b>Cash and cash equivalents as at 31 December</b>		<b>13,076,220</b>	<b>29,428,118</b>

## The Cash Flow Statement (continued)

for the financial year ended 31 December 2021

The cash and cash equivalents as at 31 December include:

<i>In RON</i>	<i>Note</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Petty cash	11	2,011	1,455
Cash at bank	11	13,073,989	29,426,663
Bank deposits with the original maturity shorter than three months	12	220	-
<b>Cash and cash equivalents</b>		<b>13,076,220</b>	<b>29,428,118</b>

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# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 1. The reporting entity

SIF Muntenia S.A. (“the Company”) is a collective investment undertaking established in 1996 through the reorganisation and transformation of Fondul Proprietății Private IV Muntenia, pursuant to Law no. 133/1996 for the transformation of Private Property Funds into financial investment companies operating 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. Under Authorisation no. 151/09.07.2021, the Financial Supervisory Authority authorised the Company as an Alternative Investment Fund intended for Retail Investors (AIFRI). The Company registered office is in 46-48 Serghei Vasilievici Rahmaninov St., the ground floor, room 2, Sector 2, Bucharest, Romania.

The main activity of the Company according to the Instrument of Incorporation which is in force consists of:

- Performing financial investment, in order to maximise the value of its own shares, according to the regulations in force;
- Managing the investment portfolio and exercising all rights associated with the instruments in which it invests;
- Managing risks;
- Carrying out other ancillary and adjacent activities, according to the regulations in force.

The Company operates on the basis of a management contract concluded with Societatea de Administrare a Investițiilor Muntenia Invest S.A., certified as an Alternative Investment Fund Manager (AIFM) under number PJR07 1AFIAI/400005. According to the provisions of art. 3(2) of Law no. 74/2015, as subsequently amended and supplemented, AIFM means any legal person whose main activity is the management of one or more alternative investment funds.

The Company shares have been listed on the Bucharest Stock Exchange, in the premium category, under code SIF4, since 1 November 1999.

The records of the shares and shareholders are kept according to the law by Depozitarul Central S.A. of Bucharest. The asset depositing services are provided by BRD – Groupe Société Générale S.A. – a company authorised by the Financial Supervisory Authority (FSA).

The statutory audit for the financial year 2021 has been performed by KPMG Audit SRL. The financial auditor’s fee for the financial year ended 31 December 2021 is RON 453,427 lei, VAT included.

During the financial year ended 31 December 2021, the auditor also provided non-audit services in accordance with the provisions of art. 108 of Law no. 24/2017 and art. 144 of the FSA Regulation no. 5/2018 regarding the requests made by groups of shareholders holding more than 5% of the share capital of a company, the fee being in the amount of RON 88,333, VAT included.

## 2. The bases for the preparation

### (a) The declaration of conformity

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

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## **2. The bases for the preparation (continued)**

### **(a) The declaration of conformity (continued)**

These financial statements have been prepared on a going concern basis, which implies that the Company will also continue its activity, without any significant reduction thereof, in the foreseeable future.

Based on the analyses performed with regard to the implications of the Covid-19 pandemic on the Company activity, SAI Muntenia Invest S.A., the Company Manager, believes that the continuity of its activity will not be affected.

The energy crisis caused by major increases in oil, coal and gas prices is of particular importance due to the consequences it may have on the global economy and due to the major uncertainties regarding the dynamics of energy prices. The likelihood of energy prices dropping over the coming years is low and the risk of contagion in the financial markets is rather high. The manager has identified the main risks and uncertainties to which the Company is exposed, and they are primarily related to the risk of contagion in connection with the activities carried out by most entities in which the Company has shareholdings, and the fair value of financial assets is likely to decrease. However, the Company manager believes that the continuity of its activity will not be affected.

The Company meets the criteria for classification as an investment entity in accordance with the provisions of IFRS 10 “Consolidated Financial Statements”.

The application of 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”.

### **(b) The presentation of the financial statements**

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

### **(c) Bases of measurement**

The 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 amount or historical cost.

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

### **(d) The functional and presentation currency**

The Company management deems the functional currency, as defined by IAS 21 “The Effects of Changes in Foreign Exchange Rates”, to be the Romanian Leu (RON). The financial statements are prepared and presented in RON, rounded to the nearest RON, a currency which the Company management has chosen as the presentation currency.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 2. The bases for the preparation (continued)

### (e) The use of estimates and judgments

The preparation of the financial statements according to IFRS adopted by the European Union involves the use by the 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 deemed to be reasonable in the context of these estimates. The results of these estimates form the basis for the judgments about the book values of assets and liabilities that cannot be obtained from other sources of information. Results obtained may differ from estimated values.

The judgments and assumptions underlying them are reviewed regularly. Accounting estimate revisions are recognised during the period when the estimate is revised, if the revision only affects that period, or during period when the estimate is revised and future periods, if the revision affects both the current and future periods.

Judgments by the management in the application of IFRS that have a major effect on the financial statements, as well as estimates involving a major 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 financial statements.

### (a) Subsidiaries and associates

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

If the Company has a shareholding 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 shareholding from financial assets at fair value through other comprehensive income to the category of financial assets at fair value through profit or loss. Changes in fair value previously recognised in other comprehensive income are derecognised on the same basis as if the shareholding had been assigned, i.e. in retained earnings.

Associates are companies within which the Company can exert significant influence, but not control over their financial and operating policies.

### (b) Foreign currency transactions

Transactions in foreign currency are recorded in RON at the official exchange rate of the transaction settlement date. Monetary assets and liabilities recorded in foreign currencies by the preparation of the statement of the financial position are converted into the functional currency at the exchange rate of 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 in foreign currencies are recognised in profit or loss.

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

The exchange rates of the main foreign currencies were:

Currency	31 December 2021	31 December 2020	Variation
Euro (EUR)	1: RON 4.9481	1: RON 4.8694	+ 1.62%
US Dollar (USD)	1: RON 4.3707	1: RON 3.9660	+10.20%

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 3. Significant accounting policies (continued)

### (c) Accounting for the effect of hyperinflation

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 restated using a general price index from the date of acquisition or contribution).

According to IAS 29, an economy is deemed to be hyperinflationary if, in addition to 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 has been adopted by the Company has ceased to be hyperinflationary, with effect on the financial periods from 1 January 2004. Thus, the provisions of IAS 29 were adopted in the preparation of the financial statements until 31 December 2003, and these financial statements are affected by the application of IAS 29 primarily by the adjustment applied to the share capital.

### (d) Cash and cash equivalents

Cash and cash equivalents include: cash, cash at bank and deposits with banks with an original 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 measured at amortised cost*

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

- It is held within 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 related to the outstanding principal amount.

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

A financial asset is measured *at fair value through other comprehensive income* only if it meets both conditions listed below and is not designated at fair value through profit or loss:

- It is held within 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.

Moreover, upon initial recognition of an investment in equity instruments not held for trading, the Company may irrevocably choose to present subsequent changes in fair value in other comprehensive income. This option applies to each instrument, as appropriate.

#### *Financial assets at fair value through profit or loss*

All financial assets not classified as measured at amortised cost or at fair value through other comprehensive income, as described above, shall be measured *at fair value through profit or loss*. Moreover, on initial recognition, the Company may irrevocably designate a financial asset, which in fact meets the requirements for measurement at amortised cost or fair value through other comprehensive income, to be measured at fair value through profit or loss, if this eliminates or significantly reduces an accounting inconsistency that would arise if it were done otherwise.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 3. Significant accounting policies (continued)

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

#### *(ii) Recognition*

Financial assets and financial liabilities are recognised on the date when the Company becomes a contractual party under the terms of such instrument. Financial assets and liabilities are measured at the time of the initial recognition at fair value.

#### *(iii) Offsets*

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

#### *(iv) Measurement*

##### *Measurement at amortised cost*

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

##### *Fair value measurement*

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

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.

In the absence of a price quotation in an active market, the Company uses valuation techniques based on updated cashflow 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 maximise the use of observable data and minimise the use of unobservable data.

The value resulting from the use of a valuation model is adjusted for a number of factors, seeing 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.

Fund units are measured at the net asset value per unit, calculated by the fund manager using closing quotes for the financial instruments held by the funds. If the Company notices that the net asset value per unit is not representative of the fair value, it uses public information on the fund holdings (financial statements, audit reports, the portfolio structure, etc.), and obtains a corrected NAVU with any adjustments deemed necessary to the net asset value following the analysis of the aforementioned public information.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 3. Significant accounting policies (continued)

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

#### *(v) The identification and measurement of the impairment*

##### *Financial assets measured at amortised cost*

The expected credit loss represents the difference between all contractual cashflows due to the Company and all cashflows which the Company expects to receive, discounted at the original effective interest rate.

A financial asset or group of financial assets is impaired as a result of the credit risk if one or more events have occurred with a negative impact on the expected future cashflows of the assets.

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

The Company recognises in profit or loss the amount of changes in credit losses expected over the life of the financial assets as an impairment gain or loss.

The impairment gain or loss is determined as the difference between the book value of the financial asset and the present value of future cashflows using the effective interest rate of the financial asset at the original time.

The Company recognises favourable changes in credit losses expected throughout its life as an impairment gain, even if the credit losses expected throughout its life are lower than the amount of the expected credit losses included in the estimated cash flows by the initial recognition.

#### *(vi) Derecognition*

The Company derecognises a financial asset when the rights to receive cashflows 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 the property right.

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

The Company derecognises a financial liability when the contractual obligations have ended 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 a financial liability measured at fair value through profit or loss is recognised in the current profit or loss.

Upon the derecognition of the equity instruments designated in the category of financial assets measured at fair value through other comprehensive income, the gains or losses representing favourable or unfavourable differences in valuation, recorded in revaluation reserves, are recognised in other comprehensive income (retained earnings representing realised surplus – IFRS 9).

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

A gain or a loss related to a financial asset that is measured at amortised cost is recognised in the current profit or loss when the asset is derecognised.

### (f) Other financial assets and liabilities

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

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 3. Significant accounting policies (continued)

### (g) Tangible assets

#### (i) Recognition and measurement

Tangible assets recognised as assets are initially measured at cost. The cost of a tangible asset item consists of the purchase price, including irrecoverable taxes, after deducting any commercial price reductions and any expenses that may be directly attributable to bringing the asset to the necessary location and under the necessary conditions in order for it to be used for the purpose pursued by the management, such as: employee expenses resulting directly from the construction or acquisition of the asset, site development costs, original delivery and handling expenses, installation and assembly costs, professional fees.

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

- Freehold land;
- Buildings;
- Plant and machinery;
- Motor vehicles;
- Fixtures and fittings.

The Company does not own any freehold land or buildings.

Tangible assets are recorded at cost, less the accumulated depreciation and adjustment for impairment.

Expenses related to the maintenance and repair of tangible assets are recorded in the Profit or loss statement as they arise, and significant improvements made to tangible assets which increase their value or life or which significantly increase their ability to generate economic benefits, are capitalised.

#### (ii) Depreciation

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

- |                         |            |
|-------------------------|------------|
| - Plant and machinery   | 3-20 years |
| - Motor vehicles        | 3-6 years  |
| - Fixtures and fittings | 3-15 years |

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

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

Tangible assets that are scrapped or sold are removed from the statement of the financial position together with the corresponding accumulated depreciation. Any profit or loss resulting from such an operation is included in the current profit or loss.

### (h) Leasing

#### (i) Recognition

A contract is or includes leasing if it transfers the right to control the use of an identified asset for a certain period of time in exchange for a consideration.

As a lessee, under the lease for the premises intended to be used as a registered office, the Company has recognised an asset related to the right to use the underlying asset and a leasing liability arising from this contract.

Exceptions to the application of IFRS 16 may be:

- Leasing contracts with a lease term of 12 months or less, which do not contain any purchase options, and
- Leasing contracts where the underlying asset has a low value.

The Company has ascertained the failure to meet the criteria for the application of the exceptions.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 3. Significant accounting policies (continued)

### (h) Leasing (continued)

#### (ii) Valuation

As the lessee, the Company initially evaluates the asset related to the right of use at cost. The cost of the asset related to the right of use consists of the amount of the original valuation of the liability arising from the leasing contract, the leasing payments made since 1 January 2019 (the effective date of IFRS 16) or on or before the commencement date, the original direct costs incurred by the lessee, an estimate of the costs to be incurred by the lessee minus any leasing incentives received.

As the lessee, the Company also assesses the liability arising from the leasing contract at the present value of leasing payments outstanding by that date. The discount is carried out using the default interest rate of the leasing contract if such rate can be determined immediately. If it cannot be determined immediately, the lessee's marginal borrowing rate will be used.

The book value of the asset measured at cost is the cost of the original valuation less any accumulated depreciation and any accumulated impairment losses and adjusted for any revaluations of the liability arising from the leasing contract.

#### (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 the useful life and the end of the term of the contract which also includes options to extend or terminate the contract.

#### (iv) The leasing liability

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

The present value of leasing payments outstanding by the date of the recognition is determined for the duration of a leasing contract also taking into account the periods covered by the contract extension options if the Company has reasonable certainty that it will exercise such option and the periods covered by the options of contract termination if the Company has reasonable certainty that it will not exercise such option.

Non-recoverable taxes (VAT) and utility expenses are not a component of the liability arising from the leasing contract, as they are recognised in profit or loss as the invoices are issued.

The liability arising from the leasing contract is subsequently measured by increasing the book value to reflect the interest associated with the liability, reducing the book value to reflect the leasing payments made and remeasuring the book value as a result of changes in the contract (example of changes: the contract term, changes in leasing payments, asset purchase options, interest rate, contract termination).

#### (v) Derecognition

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



# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 3. Significant accounting policies (continued)

### (i) Impairment of non-financial assets

The book value of Company non-financial assets, other than deferred tax assets, is reviewed by each reporting date to identify any indications of impairment. If there are any such indications, the recoverable amount of those assets is estimated.

An impairment loss is recognised when the book value 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. Impairment losses are recognised in the statement of the profit or loss and other comprehensive income.

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

Impairment losses recognised during prior periods are measured by each reporting date in order to determine whether they have decreased or not. The impairment loss is reversed if there has been a change in the estimates used to determine the recovery amount. Impairment losses are only reversed if the book value of the asset does not exceed the book value that would have been calculated, net of depreciation and impairment, if the impairment loss had not been recognised.

### (j) The share capital

Ordinary shares are recognised in the share capital.

### (k) Provisions for risks and expenses

Provisions are recognised in the statement of the financial position when a liability arises for the Company related to a past event and the consumption of economic resources is likely to be necessary in the future to settle this liability, and a reasonable estimate of the amount of the liability can be made. In order to determine the provision, future cash flows are discounted using a pre-tax discount rate that reflects current market conditions and the risks specific to that liability.

### (l) Interest income and interest expenses

For financial assets measured at amortised cost, interest income and expenses are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that accurately discounts payments and receipts in cash expected in the future over the expected life of the financial asset or liability (or, where applicable, over a shorter period) to the book value of that financial asset or liability.

The amount of the interest related to the liability arising from the leasing contract is determined using a discount rate that can be the interest rate of the contract or the lessee's marginal borrowing rate and is recognised in profit or loss.

For financial assets at fair value through profit or loss, interest income is recognised in profit or loss as part of the "Net gain/(Net loss) on financial assets at fair value through profit or loss."

### (m) Dividend income

Dividend income is recognised in profit or loss on the date when 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 recognised at the level of the cash that would have been received, corresponding to the increase of the related shareholding. The Company does not record dividend income related to shares received free of charge when they are proportionally distributed to all shareholders.

Dividend income is recorded on a gross basis that includes dividend tax, which is recognised as a current income tax expense.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 3. Significant accounting policies (continued)

### (n) Employee benefits

#### (i) Short-term benefits

Liabilities related to short-term employee benefits are not discounted and are recognised in the statement of profit or loss and other comprehensive income as the related service is provided.

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

#### (ii) Defined contribution plans

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

The Company is not involved in any independent pension system and, consequently, has no other obligations in this respect. 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 net liability in respect of long-term service related benefits is the amount of future benefits which employees have earned in return for services rendered by them during the current and prior periods.

The Company has no obligation to grant benefits to employees by the time of their retirement.

### (o) Profit tax

The profit tax for the period includes the current tax and the deferred tax. The current profit tax includes the tax on dividends recognised on a gross basis.

The profit tax is recognised in the statement of the profit or loss and other comprehensive income if the tax relates to capital items.

The current tax is the tax payable on the profit earned during the current period, determined on the basis of percentages applied by the date of the statement of the financial position and all adjustments related to previous periods.

The deferred tax is determined for any temporary differences occurring between the tax base for calculating the tax on assets and liabilities and their book value used for reporting in the financial statements.

The deferred tax is not recognised for the following temporary differences: the initial recognition of the goodwill, the initial recognition of assets and liabilities resulting from transactions that are not business combinations and do not affect the accounting or the tax profits and differences resulting from investment in subsidiaries, provided that they are not reversed in the near future. The deferred tax is calculated on the basis of the tax rates expected to be applicable to temporary differences upon their reversal, based on the laws in force by the reporting date or issued by the reporting date and which will enter into force thereafter.

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

The deferred tax asset is only recognised if it is likely to earn future profits that can be used to cover the tax loss. The relevant asset is revised at the end of each financial period and is reduced to the extent that the related tax benefit is unlikely to materialise.

The tax result is determined on the basis of income and expense items in the profit or loss statement plus items similar to income and minus items similar to expenses recorded in retained earnings, as a result of the application of IFRS 9.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 3. Significant accounting policies (continued)

### (o) Profit tax (continued)

For the financial years ended 31 December 2021 and 31 December 2020, the profit tax rate was 16%. The income from the valuation/revaluation/sale/assignment of shareholdings in a Romanian legal entity or in a foreign legal entity located in a state with which Romania has concluded a double taxation treaty is non-taxable income if, by the time of the valuation/revaluation/sale/assignment, inclusive, the Company holds at least 10% of the share capital of the legal entity where it has the shareholdings for an uninterrupted period of one year.

The tax rate on taxable dividend income for the financial years ended 31 December 2021 and 31 December 2020 was 5%. The dividend tax is established by applying a 5% tax rate to the gross dividend paid to a Romanian legal entity. Dividends received from a Romanian legal entity are non-taxable income if the Company holds at least 10% of the share capital of the legal entity where it has the shareholdings for an uninterrupted period of one year.

### (p) Earnings per share

The Company presents the basic and diluted earnings per share for ordinary shares. The basic earnings per share is determined by dividing the profit or loss attributable to ordinary Company shareholders by 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 the profit during the period in which they were declared and approved by the Shareholders' General Meeting. Dividends not collected for three years, after the expiration of the limitation period, are registered directly in equity, and are assimilated to contributions from shareholders, based on the decision of the Shareholders' General Meeting.

### (r) Subsequent events

Events subsequent to the end of the reporting period are events occurring between the end of the reporting period and the date when the financial statements are authorised for issue.

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

Events subsequent to the end of the reporting period that do not require adjustments are recorded in the notes when they are considered significant.

### (s) Related parties

Different entities or persons are deemed to be related parties of the Company if one of the parties, either by ownership or by contractual rights, family relations or other similar situations, can directly or indirectly control the other party or significantly influence it in making financial or operational decisions.

Related party transactions are a transfer of resources or liabilities between the related parties, regardless of whether or not they involve a price.

The Company activity is not organised by activity components and, thus, there are no reportable segments.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 3. Significant accounting policies (continued)

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

Various new standards, amendments and interpretations of the standards are not yet in place as at the date of the financial statements and have not been applied in the preparation of these financial statements:

#### **i) Amendments to IAS 1 – Presentation of Financial Statements (the effective date: annual periods as of 1 January 2023)**

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

**The presentation of the accounting policies** – which are intended to help those preparing the financial statements to decide which accounting policies to present in their financial statements.

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

#### **Amendments to IFRS – the Practice Statement (the effective date: on or after 1 January 2023)**

The amendments to IFRS Practice Statement 2 provide guidance to companies on how to apply judgment based on materiality when preparing their general financial statements in accordance with IFRS standards.

#### **ii) Amendments to IAS 16 – Property, Plant and Equipment: Receipts before the expected use (the effective date: annual periods as of 1 January 2022)**

The amendments prohibit the deduction from the cost of a tangible asset item of all income from the sale of products obtained from that asset up to the time of bringing it to the necessary location and in the necessary condition for that asset to be able to operate as intended. Instead, the Company recognises the proceeds from the sale of these products, including the cost of production of these products, in profit or loss.

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

#### **iii) Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts – The cost of performing a contract (the effective date: annual periods as of 1 January 2022)**

The amendments clarify the fact that the expenses related to performing a contract include all expenses that are directly related to that contract. The costs directly related to a contract include either marginal expenses for the performance of that contract (e.g. direct labour, materials) or an allocation of other costs directly related to the performance of the contracts (e.g. the allocation of impairment expenses for a tangible asset item used to perform the contract).

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

#### **iv) Amendments to IFRS 9 – Financial Instruments (the effective date: annual periods as of 1 January 2022)**

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

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

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 3. Significant accounting policies (continued)

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

#### **v) Amendments to IFRS 16 – Leases – Covid-19 related concessions to leasing agreements (the effective date: on or after 1 January 2021)**

The amendment has allowed lessees not to evaluate the leasing agreement if they have received certain concessions as a direct consequence of the Covid-19 pandemic and, instead, to take those lease concessions into account as if they were not amendments of the leasing agreement. This amendment has not affected lessors.

#### **vi) Amendments to IFRS 3 – Business Combinations**

The amendments have updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting of the Council with a reference to the latest version, published in March of 2018. The Company does not believe that these amendments will have a significant effect on the financial statements.

#### **vii) Amendments to IAS 12 – Income Taxes – Deferred tax on assets and liabilities generated by the same transaction (the effective date: on or after 1 January 2023)**

The amendments to IAS 12 restrict the scope of the initial recognition exception under IAS 12 and specify how companies should account for the deferred tax on transactions, such as leasing contracts and decommissioning obligations. According to the amendments, the initial recognition exception does not apply to transactions which, upon initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and of a lease liability or of a decommissioning component and of a component of the decommissioning asset gives rise to taxable and deductible temporary differences that are not equal.

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

#### **viii) Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: The definition of accounting estimates (the effective date: on or after 1 January 2023)**

The amendments add a new definition of accounting estimates, defined as monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify what changes in the accounting estimates are and how they differ from changes in accounting policies and corrections of errors.

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

#### **ix) Amendments to various standards as a result of the “Improvements to IFRS (the 2018-2020 cycle)” resulting from the annual IFRS improvement project applicable as of 1 January 2022 or thereafter.**

## 4. The management of significant risks

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

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

The overall risk management strategy aims at maximising the Company profit by reference to the level of risk to which it is exposed and at minimising any potential adverse variations in the Company financial performance.

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

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 4. The management of significant risks (continued)

### (a) The market risk

The market risk is defined as the risk of incurring a loss or not obtaining the expected profit as a result of fluctuations in prices, interest rates and exchange rates.

The Company is exposed to the following market risk categories:

#### (i) The 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.

The Board of Directors of SAI Muntenia Invest S.A. also meets its role of monitoring the market risk management framework by approving trading limits.

#### Shares

As at 31 December 2021, the Company has shares at fair value through profit or loss in companies operating in various business sectors, as follows:

<i>In RON</i>	<b>Total of which:</b>	<b>Level 1</b>	<b>Level 3</b>
Financial, banking activities	8,170,467	-	8,170,467
Real estate, rentals and other services	78,188,937	-	78,188,937
Wholesale trade, retail trade, tourism and restaurants	107,510,592	66,031,394	41,479,198
Building material industry	40,929,160	-	40,929,160
Agriculture, livestock farming, fishing	18,860,597	-	18,860,597
Pharmaceutical and medical industry	457,531,106	423,864,923	33,666,183
Other	22,120,897	-	22,120,897
<b>TOTAL</b>	<b>733,311,756</b>	<b>489,896,317</b>	<b>243,415,439</b>

For the sensitivity analysis regarding the fair value of shares classified as Level 3, please see Note 5.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 4. The management of significant risks (continued)

### (a) The market risk (continued)

#### (i) The price risk (continued)

#### Shares

As at 31 December 2021, the Company has shares at fair value through other comprehensive income in companies operating in various business sectors, as follows:

<i>In RON</i>	<b>Total of which:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial, banking activities	692,504,359	686,988,549	-	5,515,810
Real estate, rentals and other services	29,426,424	20,549,506	4,091,022	4,785,896
Wholesale trade, retail trade, tourism and restaurants	19,735,788	-	-	19,735,788
Building material industry	31,210,461	24,668,594	1,319,856	5,222,011
Manufacture of fabricated metal products	69,597,184	59,600,519	998,158	8,998,506
Pharmaceutical and medical industry	3,585,264	1,074,364	2,510,900	-
Energy industry	74,393,181	74,393,181	-	-
Mining industry	3,468,300	-	1,555,805	1,912,495
Other	17,445,233	8,692,053	-	8,753,181
<b>TOTAL</b>	<b>941,366,194</b>	<b>875,966,766</b>	<b>10,475,741</b>	<b>54,923,687</b>

A positive change of 10% in the prices of financial assets at fair value through other comprehensive income would lead to an increase in equity, net of profit tax, as at 31 December 2021, by RON 81,775,939 (31 December 2020: RON 68,541,973), and a negative change of 10% would have an equal net impact of a contrary sign.

Out of the total shares with active market held by the Company, as at 31 December 2021, 47% (31 December 2020: 52%) accounted for investment in companies that were part of the BET index of the Bucharest Stock Exchange, an index weighted by the stock market capitalisation and created to reflect the overall trend of the prices of the nineteen most liquid shares (31 December 2020: seventeen most liquid shares) traded on the Bucharest Stock Exchange.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 4. The management of significant risks (continued)

### (a) The market risk (continued)

#### (i) The price risk (continued)

#### Units

Units held by the Company as at 31 December 2021 are exposed to the price risk by having in turn investment with varying degrees of risk (bank deposits, bonds, other fixed income instruments, shares, etc.).

<i>In RON</i>	<b>Total, of which:</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
FII Multicapital Invest	13,810,222	-	-	13,810,222
FII BET-FI Index Invest	7,047,173	-	7,047,173	-
FDI Star Next	1,556,784	1,556,784	-	-
FDI Star Focus	1,051,920	1,051,920	-	-
FDI Prosper Invest	1,944,864	1,944,864	-	-
FII Active Plus	53,140,125	53,140,125	-	-
FII Star Value	17,028,172	-	-	17,028,172
FDI Active Dinamic	18,960,522	18,960,522	-	-
FII Optim Invest	25,646,510	-	25,646,510	-
FIA Certinvest Acțiuni	30,234,188	-	-	30,234,188
FIA Romania Strategy Fund	37,271,920	-	-	37,271,920
<b>Total</b>	<b>207,692,400</b>	<b>76,654,215</b>	<b>32,693,683</b>	<b>98,344,502</b>

For the classification by fair value hierarchy levels, please see Note 5.

#### Bonds

The bonds held by the Company with OPUS Chartered Issuances S.A., classified as financial assets at fair value through profit or loss, amounting to RON 81,987,444 (as at 31 December 2020: bonds held by the Company with OPUS Chartered Issuances S.A. amounting to RON 83,968,674) classified as Level 3 of the fair value hierarchy, are also exposed to the price risk.

The bonds issued by OPUS Chartered Issuances S.A. are instruments with an unprotected principal, listed on the Frankfurt Stock Exchange (Open Market - Freiverkehr) and with an annual interest coupon. The issuer has used the amounts attracted by the issuance of the bonds for the acquisition of a sub-portfolio of shares traded on the Bucharest Stock Exchange. The Company measures these financial instruments on a monthly basis according to the quotes taken from the Bloomberg platform. The changes in the quotes listed on the Bloomberg platform reflect the changes in the prices recorded on the Bucharest Stock Exchange for the underlying shares.



# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## **4. The management of significant risks (continued)**

### **(a) The market risk (continued)**

#### *(ii) The interest rate risk*

The Company faces interest rate risk due to the exposure to unfavourable changes in the interest rate. 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 bearing fixed interest (e.g., in the case of bonds). As at 31 December 2021 and 31 December 2020, most of the Company assets and liabilities are not interest-bearing. As a result, the Company is not affected directly to a significant degree by the risk of interest rate fluctuations. Cash and cash equivalents are generally invested at short-term interest rates. However, the decline of market returns may affect the measurement value of the Company assets.

Bonds held at OPUS chartered Issuances S.A. (“issuer”) have an interest rate payable annually in whole or in part (pro-rata), dependent on the extent to which the cover instruments used by the issuer allow the amounts due as interest to be covered and their maturity is in September 2022 .

The Company does not use derivatives to protect itself from interest rate fluctuations.

#### *(iii) The currency risk*

Currency risk is the risk of recording losses or not realising the expected profit due to unfavourable changes in the exchange rate. The Company is exposed to exchange rate fluctuations, but does not have a formalised currency risk hedging policy. Most Company financial assets and liabilities are denominated in the national currency, and the other currencies in which operations are carried out are the EUR.

The financial assets and liabilities in RON and other currencies as at 31 December 2021 and 31 December 2020 are presented in the tables below.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 4. The management of significant risks (continued)

### (a) The market risk (continued)

#### (iii) The currency risk (continued)

### 31 December 2021

<i>In RON</i>	<b>Book value</b>	<b>RON</b>	<b>EUR</b>
<b>Financial assets</b>			
Cash and accounts	<b>13,076,220</b>	12,926,231	149,989
Deposits with banks	<b>81,853,590</b>	81,853,590	-
Financial assets at fair value through profit or loss	<b>1,022,991,600</b>	941,004,156	81,987,444
Financial assets at fair value through other comprehensive income	<b>941,366,194</b>	941,366,194	-
Financial assets measured at amortised cost	<b>5,964,525</b>	1,007,071	4,957,454
Other assets	<b>59</b>	59	-
<b>TOTAL</b>	<b>2,065,252,188</b>	<b>1,978,157,301</b>	<b>87,094,887</b>
<b>Financial liabilities</b>			
Dividends payable	<b>13,293,319</b>	13,293,319	-
Other liabilities	<b>27,438,405</b>	27,406,492	31,913
<b>TOTAL</b>	<b>40,731,724</b>	<b>40,699,811</b>	<b>31,913</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 4. The management of significant risks (continued)

### (a) The market risk (continued)

#### (iii) The currency risk (continued)

#### 31 December 2020

<i>In RON</i>	<b>Book value</b>	<b>RON</b>	<b>EUR</b>
<b>Financial assets</b>			
Cash and accounts	<b>29,428,118</b>	2,500,488	26,927,630
Deposits with banks	<b>35,567,325</b>	35,567,325	-
Financial assets at fair value through profit or loss	<b>760,465,458</b>	676,496,784	83,968,674
Financial assets at fair value through other comprehensive income	<b>782,464,281</b>	782,464,281	-
Financial assets measured at amortised cost	<b>5,884,909</b>	1,007,071	4,877,838
Other assets	<b>4,634,418</b>	4,634,418	-
<b>TOTAL</b>	<b><u>1,618,444,509</u></b>	<b><u>1,502,670,367</u></b>	<b><u>115,774,142</u></b>
<b>Financial liabilities</b>			
Dividends payable	<b>27,672,577</b>	27,672,577	-
Other liabilities	<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>40,419</u></b>

The net impact on the Company net profit of a change of  $\pm 5\%$  of the RON/EUR exchange rate as at 31 December 2021, all other variables remaining constant, is  $\pm$  RON 3,656,645 (31 December 2020:  $\pm$  RON 4,860,859).

### (b) The credit risk

The credit risk represents the risk of recording losses or not realising the expected profits, as a result of the counterparty's failure to meet financial obligations. The Company is exposed to the credit risk as a result of investment made in bonds issued by trading companies, current accounts, bank deposits and receivables.

As at 31 December 2021 the Company tested whether the credit risk for financial assets at amortised cost had increased significantly since the initial recognition. Based on the information available, it was concluded that no events causing a significant credit risk increase or default events had occurred.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 4. The management of significant risks (continued)

### (b) The credit risk (continued)

The maximum exposure to the Company credit risk is in the amount of RON 100,892,383 as at 31 December 2021 (as at 31 December 2020: RON 75,513,314) and can be analysed as follows:

<i>In RON</i>	<b>2021 rating</b>	<b>31 December 2021</b>	<b>31 December 2020</b>
<i>Exposures from current accounts and deposits with banks (Note 11 and Note 12)</i>			
Banca Transilvania S.A.	BB+ Fitch	9,310,362	3,709
Libra Internet Bank S.A.	B Fitch	39,077	43,782
BRD - Groupe Societe Generale S.A.	P-2 Moody's	155,895	27,075,037
Credit Europe Bank S.A.	Ba3/NP Moody's	13,919,930	7,155,591
Banca de Export-Import a României EXIMBANK	IG2 Bbg	13,785,740	-
Banca Comercială Intesa Sanpaolo Bank	Baa1/P-2 Moody's	18,317,819	18,252,125
ProCredit Bank S.A.	BBB-/F3 Fitch	19,598,830	12,279,905
CEC Bank S.A.	HY1 Bbg	19,798,462	-
Other commercial banks		1,684	183,839
<b>Total</b>		<b>94,927,799</b>	<b>64,993,988</b>

### *Financial assets measured at amortised cost \*) (Note 13 c))*

Impact Developer&Contractor S.A. bonds	4,948,100	4,869,400
Capital Leasing IFN S.A. bonds	1,000,000	1,000,000
Other bonds and the related interest	16,425	15,509
<b>Total</b>	<b>5,964,525</b>	<b>5,884,909</b>

\*) Financial assets measured at amortised cost classified depending on the maturity are current financial assets.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 4. The management of significant risks (continued)

### (b) The credit risk (continued)

OPUS Chartered Issuances S.A. does not have a rating issued by any rating agency. The bonds issued are instruments with unprotected principal, listed on the Frankfurt Stock Exchange (Open Market - Freiverkehr). The law governing the financial instrument is the German Bondholder/Debenture Act of 5 August 2009, whose main objective is the alignment of the law on German bondholders with international standards, in order to improve the capacity of bond restructuring outside insolvency proceedings. Thus, through holders' meetings, bondholders can vote as laid down in the above-mentioned law on a list of issues, primarily regarding bond restructuring.

At maturity, for the repayment of the principal, the issuer sells the basket of shares traded on the Bucharest Stock Exchange, shares included in the most liquid category.

<i>In RON</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
<i>Sundry debtors and trade receivables (Note 14)</i>		
Consol S.A.	2,040,960	2,040,960
Banca Română de Scont S.A.	1,283,228	1,283,228
The Authority for State Asset Management	1,143,343	1,143,343
Timpuri Noi S.A.	2,529,526	2,529,526
Siderca S.A.	410,334	410,334
Dividends receivable	-	4,532,591
Other sundry debtors	450,324	552,092
Allowances for sundry debtors and doubtful trade debts	(7,857,656)	(7,857,656)
<b>Total</b>	<b>59</b>	<b>4,634,418</b>
<b>Total exposure</b>	<b>100,892,383</b>	<b>75,513,315</b>

*Sundry debtors and trade receivables classified according to the maturity are:*

- Current (sundry debtors, dividends receivable)	59	4,634,418
- Outstanding, adjusted in full (sundry debtors and dividends receivable) *)	7,857,656	7,857,656

\*) The sundry debtors behind on payments are Consol S.A., Banca Română de Scont S.A., the Authority for State Asset Management, Siderca S.A., Timpuri Noi S.A.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 4. The management of significant risks (continued)

### (c) The liquidity risk

The liquidity risk is the risk of recording losses or not realising expected profits, resulting from the inability to meet short-term payment obligations at any time, without incurring excessive costs or losses that cannot be borne by the Company.

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

### 31 December 2021

<i>In RON</i>	Book value	Under 3 months	3-12 months	Over a year	No predefined maturity
<b>Financial assets</b>					
Cash and current accounts	13,076,000	13,073,989	-	-	2,011
Deposits with banks	81,853,810	81,853,810	-	-	-
Financial assets at fair value through profit or loss	1,022,991,600	-	81,987,444	-	941,004,156
Financial assets at fair value through other comprehensive income	941,366,194	-	-	-	941,366,194
Financial assets measured at amortised cost	5,964,525	-	5,948,100	-	-
Other assets	59	59	-	-	-
<b>Total financial assets</b>	<b>2,065,252,188</b>	<b>94,927,858</b>	<b>87,935,544</b>	<b>-</b>	<b>1,882,372,361</b>
<b>Financial liabilities</b>					
Dividends payable	13,293,319	12,833,772	-	-	459,547
Other liabilities	27,438,405	27,408,730	6,712	22,963	-
<b>Total financial liabilities</b>	<b>40,731,724</b>	<b>40,242,502</b>	<b>6,712</b>	<b>22,963</b>	<b>459,547</b>
<b>Liquidity surplus</b>	<b>2,024,520,464</b>	<b>54,685,356</b>	<b>87,928,832</b>	<b>(22,963)</b>	<b>1,881,912,814</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 4. The management of significant risks (continued)

### (c) The liquidity risk (continued)

31 December 2020

<i>In RON</i>	Book value	Under 3 months	3-12 months	Over a year	No predefined maturity
<b>Financial assets</b>					
Cash and current accounts	29,428,118	29,426,663	-	-	1,455
Deposits with banks	35,567,325	35,566,325	-	-	1,000
Financial assets at fair value through profit or loss	760,465,458	-	532,712	83,435,962	676,496,784
Financial assets at fair value through other comprehensive income	782,464,281	-	-	-	782,464,281
Financial assets measured at amortised cost	5,884,909	-	15,509	5,869,400	-
Other assets	4,634,418	4,634,418	-	-	-
<b>Total financial assets</b>	<b>1,618,444,509</b>	<b>69,627,406</b>	<b>548,221</b>	<b>89,305,362</b>	<b>1,458,963,520</b>
<b>Financial liabilities</b>					
Dividends payable	27,672,577	27,336,998	-	-	335,579
Other liabilities	5,646,112	5,607,789	6,293	32,030	-
<b>Total financial liabilities</b>	<b>33,318,689</b>	<b>32,944,787</b>	<b>6,293</b>	<b>32,030</b>	<b>-</b>
<b>Liquidity surplus</b>	<b>1,585,125,820</b>	<b>36,682,619</b>	<b>541,928</b>	<b>89,273,332</b>	<b>1,458,963,520</b>

### (d) The tax related risk

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

From the point of view of the profit tax, there is a risk of a different interpretation given by the tax bodies to the implemented tax rules determined by the Accounting Regulations compliant with IFRS.

The Romanian Government has a number of agencies authorised to carry out audits (inspections) of companies operating on Romanian territory. These inspections 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 tax inspections as new tax regulations are issued.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 4. The management of significant risks (continued)

### (e) The operational risk

The operational risk is defined as the risk of recording losses or not realising expected profits due to internal factors such as the inadequate conduct of internal activities, the existence of inadequate staff or systems or due to external factors such as economic conditions, changes in the capital market, technological advances. The operational risk is inherent in all Company activities.

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

### (f) Capital adequacy

In terms of capital adequacy, the policy from the management focuses on maintaining a sound 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). The significant accounting judgments for the application of the Company accounting policies include:

### Key sources of estimate uncertainty

#### *Adjustments for the impairment of assets measured at amortised cost*

The assets recorded at amortised cost are measured for impairment according to the accounting policy described in Note 3(e)(v).

The measurement for impairment of receivables is performed individually and is based on the management's best estimate of the present value of cashflows expected to be received. In order to estimate these flows, the management makes certain estimates regarding the financial situation of the counterparty. Each asset is examined individually. The accuracy of the adjustments depends on the estimate of future cashflows for specific counterparties.

#### *The determination of the fair value of financial instruments*

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



# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 5. Accounting estimates and significant judgments (continued)

### *The fair value hierarchy*

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

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

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

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

### **Quoted shares and units**

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices or prices quoted by intermediaries. 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. These assets are classified as Level 1.

For holdings of shares that cannot meet the criteria defined for the “active market”, one shall examine whether the market where those shares are traded is one where orderly transactions could be carried out, in which case the last price resulting from an orderly transaction will be used. If these conditions are not met, they will be evaluated using the valuation models presented under “Unquoted shares and units”. These assets are classified as Level 2.

### **Unquoted shares and units**

In order to estimate the fair value of the shares of an unquoted company, the Company uses valuation models that are usually derived from known valuation models: the market multiples method, the equity/share method corrected with a discount for lack of liquidity and a discount for lack of control. The valuation models require unobservable inputs to a larger extent, a higher degree of analysis and estimation by the management in order to determine the fair value. The analysis and estimation by the management are involved especially in the selection of the appropriate valuation model.

The multiples method is based on a process where the fair value is obtained by comparison with similar companies for which information is available and by estimating the value of the valued company by using a conversion factor/multiplier (e.g., EV/EBITDA, P/Bv, EV/Sales), to which a discount for lack of liquidity (DLOM) is applied. The source of information for these multipliers is the database provided by Bloomberg, and the source of information for the discount for lack of liquidity is Stout Restricted Stock Study Companion Guide.

The equity/share method corrected with a discount for lack of liquidity and a discount for lack of control starts from the value of the net asset/share established by the issuer of the shares to which a discount for lack of liquidity and a discount for lack of control apply. The source of information for these discounts is Mergerstat Control Premium Study for the discount for lack of control and Stout Restricted Stock Study Companion Guide for the discount for lack of liquidity.

For shares held in subsidiaries, the fair value is the closing price for companies that have an active market or prices resulting from valuation reports prepared by independent external valuers. For determining the fair value, depending on the specific nature of the economic activity of the subsidiary, the independent valuers have used the income-based approach – the DCF method and the asset-based approach – the Adjusted Net Asset method, and for real estate assets held by subsidiaries, the income-based approach – the income capitalisation method has been used.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 5. Accounting estimates and significant judgments (continued)

*The fair value hierarchy (continued)*

### Unquoted shares and units (continued)

Fund units are measured at the net asset value calculated by the fund manager. In measuring whether the net asset value is representative of the fair value, the Company takes into account the following public information about the fund: financial statements, audit reports, the portfolio structure, the volume and level of activity of subscriptions or redemptions, if the investment cannot be redeemed at the net asset value or if there are also other uncertainties that increase the risk of the investment. Following an analysis of the abovementioned public information, the NAVU corrected with the adjustments deemed necessary for the net asset value is obtained.

Units held with investment funds characterised by: frequent redemption periods, in the case of some funds, the lack of redemption fees or low fees, the possibility of redemption of any number of units are classified as Level 1 of the fair value hierarchy.

Units held in investment funds characterised by: making the withdrawal for some funds conditional on a written notification given at least a certain number of calendar days prior to the submission of the redemption request or the possibility of redemption of a limited number of fund units and the lack of redemption fees are classified as Level 2 of the fair value hierarchy.

Units held with investment funds characterised by the restriction of the possibility of redemption by: infrequent periods open for redemption or making the withdrawal for some funds conditional on a written notification given at least a certain number of calendar days prior to the redemption request and in some cases the charging of prohibitive redemption fees, if the above-mentioned notices are not given, are classified as Level 3 of the fair value hierarchy.

### Bonds

Bonds at fair value through profit or loss are measured using a valuation model that takes into account Bloomberg's closing quote for these instruments, as well as an adjustment factor that mainly takes into account the liquidity risk in the market of the instrument. These assets are classified as Level 3.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 5. Accounting estimates and significant judgments (continued)

*The fair value hierarchy (continued)*

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

### 31 December 2021

<i>In RON</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	566,550,532	32,693,683	423,747,385	1,022,991,600
Financial assets at fair value through other comprehensive income	875,966,766	10,475,741	54,923,687	941,366,194
	<b><u>1,442,517,298</u></b>	<b><u>43,169,424</u></b>	<b><u>478,671,072</u></b>	<b><u>1,964,357,794</u></b>

### 31 December 2020

<i>In RON</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss	286,985,316	-	473,480,142	760,465,458
Financial assets at fair value through other 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 financial year ended 31 December 2021, the Company presented financial assets at fair value through profit or loss on Level 3 of the fair value hierarchy, instruments held in bonds amounting to RON 81,987,444, units amounting to RON 98,344,502 and shares held in eleven companies whose fair value of RON 243,415,439 was determined using valuation models according to the ANEVAR Valuation Standards.

For the financial year ended 31 December 2021, the Company presented financial assets at fair value through other comprehensive income on Level 3 of the fair value hierarchy, shares held in several companies whose fair value of RON 54,923,687 was determined using internal valuation methods, based on valuation models according to ANEVAR Valuation Standards, approved by the Board of Directors, taking into account the credibility, quantity and quality of the information available.

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

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

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 5. Accounting estimates and significant judgments (continued)

*The fair value hierarchy (continued)*

The main assumptions used by independent valuers within the valuation model according to ANEVAR Valuation Standards as at 31 December 2021, for financial assets at fair value – shares held within subsidiaries, together with the related values are presented in the table below:

Assumptions used within the valuation model	Value of the indicator used in the valuation as at 31 December 2021	Value of the indicator used in the valuation as at 31 December 2020
Annual change in the EBITDA margin	0.50% - 49.90%	2% - 46%
Perpetuity growth rate	2.00%	2.00%
Weighted average cost of capital (WACC)	8.61% - 11.57%	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 amounts. For fair values recognised following the use of a significant number of unobservable inputs (Level 3), changing one or more assumptions with other reasonable alternative assumptions would influence the statement of profit or loss and other comprehensive income as follows:

Change in the variable in the valuation as at 31 December 2021	Impact on profit or loss
Increase of EBITDA by 3%	8,181,090
Decrease of EBITDA by 3%	(8,180,769)
Increase of WACC by 0.5 pp	(9,398,656)
Decrease of WACC by 0.5 pp	10,671,827
Increase of the perpetuity growth rate by 0.5 pp	7,377,237
Decrease of the perpetuity growth rate by 0.5 pp	(6,480,649)

Change in the variable in the valuation as at 31 December 2020	Impact on profit or loss
Increase of EBITDA by 3%	6,390,000
Decrease of EBITDA by 3%	(6,389,000)
Increase of WACC by 0.5 pp	(8,288,000)
Decrease of WACC by 0.5 pp	9,316,000
Increase of the perpetuity growth rate by 0.5 pp	5,363,000
Decrease of the perpetuity growth rate by 0.5 pp	(5,002,000)

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 5. Accounting estimates and significant judgments (continued)

*The fair value hierarchy (continued)*

*Reconciliation of the fair value measurements classified as Level 3 of the fair value hierarchy*

<i>In RON</i>	<b>Financial assets at value fair through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>
<b>1 January 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 for the period included in profit or loss	(99,125,018)	-
Gains or losses for the period included in other comprehensive income	-	(3,034,860)
Acquisitions, equity participations	7,254,771	9,812
Sales	(2,859,756)	(1,240,322)
<b>31 December 2020</b>	<b>473,480,142</b>	<b>65,244,492</b>
Transfers to level 3	-	2,214,976
Transfers from level 3	-	(1,512,043)
Gains or losses for the period included in profit or loss	38,269,618	-
Gains or losses for the period included in other comprehensive income	-	19,350,563
Acquisitions, equity participations	12,242,830	-
Sales	(21,458,570)	(30,374,301)
<b>31 December 2021</b>	<b>502,534,020</b>	<b>54,923,687</b>

### *The classification of financial assets and liabilities*

The Company accounting policies provide the basis in order 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 criteria set out in Note 3(e)(i) have been met. Details regarding the classification of the Company financial assets and liabilities are given in Note 20.

IAS 12 “Income Taxes”, in paragraph 34, requires an entity to recognise a deferred tax asset for unused tax losses to the extent that future taxable profits are likely to exist in relation to which the unused tax losses can be recovered.

The Company estimates the likelihood of future taxable profits taking into account the following criteria:

- The Company is likely to have taxable profits before the unused tax losses expire;
- The unused tax losses result from identifiable causes that have a minimal chance of reoccurring.

In the financial year ended 31 December 2021, the Company recorded a taxable profit, partially recovering from the tax loss of 2020 (see Note 10 and Note 16).

The Company estimates that it will recover the tax loss of 2020 within the limitation period provided for by the Tax Code of seven years.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 6. Dividend income

The dividend income is recorded at gross value. Dividend tax rates for the financial year ended 31 December 2021 were 5% and zero (the financial year ended 31 December 2020: 5% and zero). Of the total income from dividends the non-taxable ones are in the amount of RON 35,569,488.

The breakdown of the dividend income by main counterparties is presented below:

<i>In RON</i>	<b>2021</b>	<b>2020</b>
Banca Transilvania S.A.	13,148,817	15,789,000
Biofarm S.A.	11,181,089	15,736,648
Unisem S.A.	6,391,871	-
Voluthema Property Developer S.A.	4,002,899	-
Firos S.A.	3,998,118	1,407,788
CI-CO S.A.	3,012,838	3,420,596
SIF Oltenia S.A.	2,610,000	-
Casa de Bucovina Club de Munte S.A.	-	1,573,604
Germina Agribusiness S.A.	-	4,532,591
SNGN Romgaz S.A.	2,080,991	1,871,730
Şantierul Naval Orşova S.A.	1,504,600	361,104
OMV Petrom S.A.	914,787	1,002,866
Teraplast S.A.	699,780	139,956
Prefab S.A.	566,550	-
BRD GSG S.A.	412,060	-
Bursa de Valori Bucureşti S.A.	383,658	295,591
FIA Certinvest Acţiuni	330,209	1,246,170
Semrom Oltenia S.A.	316,141	-
Conpet S.A.	245,491	251,034
SCDFEE Electrica S.A.	226,427	72,606
Vrancart S.A.	218,060	260,772
SNTGN Transgaz S.A.	169,312	321,776
Gecsat S.A.	-	266,500
Compania de Librării Bucureşti S.A.	-	330,936
Other	489,396	466,995
<b>Total</b>	<b>52,903,094</b>	<b>49,348,263</b>

## 7. Interest income for financial assets measured at amortised cost

<i>In RON</i>	<b>2021</b>	<b>2020</b>
Interest income on deposits and cash at bank	984,603	1,156,811
Interest income on financial assets measured at amortised cost	373,018	566,413
<b>Total</b>	<b>1,357,621</b>	<b>1,723,224</b>

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 8. (Net loss) / Net gain on financial assets at fair value through profit or loss

<i>In RON</i>	<b>2021</b>	<b>2020</b>
Net gain/(Net loss) on financial assets at fair value through profit or loss - shares	235,816,386	(7,872,597)
(Net loss)/Net gain on financial assets at fair value through profit or loss - bonds	(359,340)	(24,821,213)
Net gain/(Net loss) on financial assets at fair value through profit or loss - units	36,284,836	(30,843,593)
<b>Total</b>	<b><u>271,741,882</u></b>	<b><u>(63,537,403)</u></b>

For bonds measured at fair value through profit or loss, interest income is recognised in profit or loss as part of the fair value measurement.

The net gain / (loss) on financial assets at fair value through profit or loss for shares is non-taxable (non-deductible).

## 9. Other operating expenses

<i>In RON</i>	<b>2021</b>	<b>2020</b>
External services	1,655,344	1,449,503
Commissions and fees	1,914,489	1,489,906
Custody fees	383,728	298,007
Trading costs	1,313	6,996
Entertaining, promotion and advertising	165,215	167,260
Depreciation of the asset representing rights to use the underlying assets (Note 15(ii))	8,638	44,036
Interest expense related to the leasing contract liability (Note 15(ii))	2,971	16,339
Other operating expenses (i)	32,964	738,595
<b>Total</b>	<b><u>4,164,662</u></b>	<b><u>4,210,642</u></b>

(i) During the financial year ended 31 December 2020, the category of other operating expenses primarily includes expenses related to sponsorship granted in the amount of RON 700,000, as well as telecommunications, other taxes, etc.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 10. The profit tax

<i>In RON</i>	<b>2021</b>	<b>2020</b>
<b>Current profit tax</b>		
Current profit tax (16%)	-	-
Dividend tax (5%)	1,068,503	1,027,980
	<b>1,068,503</b>	<b>1,027,980</b>
<b>Deferred income tax</b>		
Financial assets at fair value through other comprehensive income	(128,433)	(192,813)
Impairment of other assets	-	129,073
Tax losses	1,884,609	(11,205,134)
	<b>1,756,176</b>	<b>(11,268,874)</b>
<b>Total</b>	<b>2,824,679</b>	<b>(10,240,894)</b>

The reconciliation of pre-tax profit with the profit tax expense:

<i>In RON</i>	<b>2021</b>	<b>2020</b>
<b>(Loss)/profit before tax</b>	<b>269,012,316</b>	<b>(36,097,196)</b>
<b>Tax according to the 16% statutory tax rate (2020: 16%)</b>	<b>43,041,971</b>	<b>(5,775,551)</b>
<b>Effect on the profit tax of:</b>		
Dividend tax rate	1,068,503	1,027,980
Items similar to income as a result of adopting IFRS 9	3,813,707	178,864
Non-deductible expenses	10,849,440	16,379,668
Non-taxable income	(55,948,942)	(22,051,855)
<b>Profit tax</b>	<b>2,824,679</b>	<b>(10,240,894)</b>

## 11. Cash and current accounts

<i>In RON</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Petty cash	2,011	1,455
Cash at bank	13,073,989	29,426,663
<b>Total</b>	<b>13,076,000</b>	<b>29,428,118</b>

The cash at bank is at the Company disposal at all times and is not restricted or encumbered.



# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 12. Deposits with banks

	31 December 2021	31 December 2020
<i>In RON</i>		
Bank deposits with an initial maturity of less than 3 months	220	-
Bank deposits with an initial maturity of over 3 months and less than 1 year (i)	81,669,858	35,424,000
Related receivables	183,732	142,325
Blocked deposits	-	1,000
<b>Total</b>	<b>81,853,590</b>	<b>35,567,325</b>

(i) Bank deposits are at the Company disposal at all times and are not restricted or encumbered.

## 13. Financial assets

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

	31 December 2021	31 December 2020
<i>In RON</i>		
Bonds (i)	81,987,444	83,968,674
Shares (ii)	733,311,756	495,089,337
Units (iii)	207,692,400	181,407,447
<b>Total</b>	<b>1,022,991,600</b>	<b>760,465,458</b>

(i) The Company holds 501 bonds issued by OPUS Chartered Issuances SA with a maturity of two years (extended maturity as of September of 2020), with an acquisition cost of RON 29,205,275, equivalent to EUR 6,389,253 and an annual interest of EUR 200.00 per bond to be paid by the issuer in whole or in part (pro-rata), dependent on the extent to which the cover funds used by the issuer allow the coverage of the amounts due as interest.

As at 31 December 2021, the Company valued these securities using a valuation model that took into account the closing quote published by Bloomberg, i.e. EUR 13,154.82/certificate (31 December 2020: EUR 12,819.00/certificate), as well as an adjustment factor that mainly considered the liquidity risk on the instrument market. The aforementioned adjustment factor brought about the decrease in the fair value of these securities by RON 1,638,802 registered under profit or loss, of which a loss of RON 67,028 in the current year.

The Company also holds 1,140 bonds issued by OPUS Chartered Issuances SA with a maturity of two years (extended maturity as of September of 2020) with an acquisition cost of RON 44,621,357 lei, equivalent to EUR 10,000,080 and an annual interest of EUR 200.00 per bond to be paid by the issuer in whole or in part (pro-rata), dependent on the extent to which the cover funds used by the issuer allow the coverage of the amounts due as interest.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 13. Financial assets (continued)

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

As at 31 December 2021, the Company valued these securities using a valuation model that took into account the closing quote published by Bloomberg of EUR 9,422.45/certificate (31 December 2020: EUR 10,193.00/certificate), as well as an adjustment factor that mainly considered the liquidity risk on the instrument market. The aforementioned adjustment factor brought about the decrease in the fair value of these securities by RON 2,676,327 registered under profit or loss, of which a gain of RON 171,303 in the current year.

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 at 31 December 2021, the fair value of the subsidiaries is RON 722,568,416 (31 December 2020: 494,528,336)

The fair value measurement of the shares was carried out by multiplying the number of shares held by the closing price of the last trading day of the reporting period or by obtaining values of the stake from valuation reports prepared by independent valuers.

(iii) As at 31 December 2021, the Company holds units measured at fair value, of which: for open-end investment funds (Star Next, Star Focus, Prosper Invest, Active Dynamic) amounting to RON 23,514,091 (31 December 2020: RON 20,175,352) and for closed-end investment funds/alternative investment funds (BET-FI Index Invest, Multicapital Invest, Active Plus, Star Value, Optim Invest, Certinvest Acțiuni and Romania Strategy Fund) amounting to RON 184,178,309 (31 December 2020: RON 161,232,095).

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

In RON

	31 December 2021	31 December 2020
Shares measured at fair value (i)	941,366,194	782,464,281
<b>Total</b>	<b>941,366,194</b>	<b>782,464,281</b>

(i) The fair value was determined at the closing price of the last trading day of the reporting period or was determined using valuation models in accordance with ANEVAR Valuation Standards. As at 31 December 2021 and 31 December 2020, the category of shares measured at fair value mainly includes the value of the shares held in BRD - Groupe Société Générale S.A., Banca Transilvania S.A., SIF Banat-Crișana S.A., SNGN Romgaz S.A., Romaero S.A.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 13. Financial assets (continued)

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

The movement of the financial assets at fair value through other comprehensive income in the financial year ended 31 December 2021 is presented in the table below:

<i>In RON</i>	Shares measured at fair value
<b>31 December 2020</b>	<b>782,464,281</b>
Net change during the period	1,800,438
Change in the fair value	157,101,475
<b>31 December 2021</b>	<b>941,366,194</b>

The movement of the financial assets at fair value through other comprehensive income in the financial year ended 31 December 2020 is presented in the table below:

<i>In RON</i>	Shares measured at fair value
<b>31 December 2019</b>	<b>798,621,743</b>
Net change during the period	108,832
Change in the fair value	(16,266,294)
<b>31 December 2020</b>	<b>782,464,281</b>

### c) Financial assets measured at amortised cost

<i>In RON</i>	31 December 2021	31 December 2020
Corporate bonds - other currencies	4,957,454	4,877,838
Corporate bonds - RON	1,007,071	1,007,071
<b>TOTAL</b>	<b>5,964,525</b>	<b>5,884,909</b>
<b>of which maturities of over a year:</b>		
Corporate bonds - other currencies	4,948,100	4,869,400
Corporate bonds - RON	1,000,000	1,000,000

The Company has listed bonds issued by Capital Leasing IFN S.A. and Impact Developer & Contractor S.A.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 14. Other assets

<i>In RON</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Sundry debtors	7,857,715	7,959,483
Dividends receivable	-	4,532,591
Assets representing rights to use underlying assets under a leasing contract (i)	28,292	38,739
Tangible assets	-	1,266
Other assets	40,670	40,792
Impairment of sundry debtors	(7,857,656)	(7,857,656)
<b>Total</b>	<b>69,021</b>	<b>4,715,215</b>
<i>Of which with credit risk (Note 4 b)):</i>	59	4,634,418

(i) Since 1 January 2019, the Company has adopted IFRS 16, which is why it has recognised assets and liabilities related to the restatement of the lease agreement concluded as the lessee within the Statement of Financial Position.

During the financial year ended 31 December 2020, the Company concluded a leasing contract for obtaining the right of use over the premises in 46-48 Serghei Vasilievici Rahmaninov Street, sector 2, Bucharest, as the lessee. The Company estimated the initial value of the asset related to the right of use at an amount equal to the discounted liability under such contract at the time of the transition of RON 44,698 (foreign exchange equivalent: EUR 9,231). The accumulated depreciation of this asset by 31 December 2020 was in the amount of RON 5,959, resulting in a net book value of RON 38,739.

According to IFRS 16, for this contract, during the financial year ended 31 December 2021, the Company recognised depreciation-related expenses in the amount of RON 8,638 and interest expenses in the amount of RON 2,971. The total cash outflows related to the contract during the financial year ended 31 December 2021 amounted to RON 10,273.

## 15. Dividends payable

<i>In RON</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Seized dividends payable related to 2011-2016 profits (i)	459,547	335,579
Dividends payable related to the 2016 profit	-	14,461,489
Dividends payable related to the 2017 profit	12,833,772	12,875,509
<b>Total dividends payable</b>	<b>13,293,319</b>	<b>27,672,577</b>

For dividends not claimed within three years of the declaration date, the Company Shareholders' General Meeting has approved their recording as equity (retained earnings).

(i) Seized dividends payable are dividends blocked as a result of attachments or seizures by 31 December 2020.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 16. Deferred profit tax liabilities

Deferred tax liabilities as at 31 December 2021 are generated by the items detailed in the following table:

<i>In RON</i>	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
Financial assets at fair value through other comprehensive income	364,350,574	-	364,350,574
Impairment adjustments and other provisions	-	7,857,656	(7,857,656)
Tax losses	-	58,253,282	(58,253,282)
<b>Total</b>	<b>364,350,574</b>	<b>66,110,938</b>	<b>298,239,636</b>
Net temporary differences - 16% rate			298,239,636
<b>Deferred profit tax liabilities</b>			<b>47,718,341</b>

Deferred tax liabilities as at 31 December 2020 are generated by the items detailed in the following table:

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

The balance of the deferred profit tax recognised directly by the decrease in equity as at 31 December 2021 is RON 52,530,659 (31 December 2020: RON 34,233,979), and is generated entirely by financial assets at fair value through other comprehensive income, for financial assets held for a period shorter than one year and less than 10% of the issuer's share capital.

The Company has recognised a deferred tax asset for the tax loss recorded in the financial year ended 31 December 2020 because future profits are likely to be realised to cover the tax loss.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 17. Other liabilities

<i>In RON</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Suppliers - invoices to be received (i)	27,366,700	2,520,887
Taxes	15,958	15,950
Domestic suppliers	23,498	22,845
Liabilities of the leasing contract (Note 15ii))	31,913	40,419
Other liabilities (ii)	336	3,046,011
<b>Total</b>	<b>27,438,405</b>	<b>5,646,112</b>

(i) As at 31 December 2021, suppliers - invoices to be received primarily represent the liability related to the management fee of RON 26,767,152, consisting of the monthly management fee of RON 2,588,771 and the performance fee of RON 24,178,381 (31 December 2020: the liability related to the monthly management fee was RON 2,018,063).

(ii) During the financial year ended 31 December 2020, the Company recognised a liability for dividends received in the amount of RON 1,653,000 from SIF Oltenia S.A., as a result of the decision of the shareholders within the Shareholders' Ordinary General Meeting, convened on 12 October 2020, which revoked the distribution of the net profit of 2019, originally approved within the Shareholders' Ordinary General Meeting of 28 April 2020.

The Decision of the Shareholders' General Meeting no. 5 of 24 February 2021 approved the distribution of the net profit of 2019 partially in the form of a dividend and Decision No 6 of 24 February 2021 approved the payments made by the company between 01 July 2020 and 16 July 2020 as dividends and paid on the basis of the Register of shareholders on the registration date 12 June 2020. Thus, the debt to SIF Oltenia was extinguished by the dividend claim due under Decision no. 5 of 24 February 2021.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 18. Capital and reserves

### (a) The share capital

The Company shareholding structure is as follows:

<b>31 December 2021</b>	<b>Number of shareholders</b>	<b>Number of shares</b>	<b>Amount (RON)</b>	<b>(%)</b>
Individuals	5,938,636	516,475,805	51,647,581	65.82
Legal persons	131	268,169,396	26,816,940	34.18
<b>Total</b>	<b>5,938,767</b>	<b>784,645,201</b>	<b>78,464,520</b>	<b>100</b>

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

All shares are ordinary and have been subscribed and paid in full as at 31 December 2021. All shares have the same voting right and have a face value of RON 0.1/share. The number of shares authorised 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 Instrument of Incorporation is presented in the table below:

<i>In RON</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Share capital according to the Instrument of Incorporation	78,464,520	78,464,520
Hyperinflation effect - IAS 29	781,006,539	781,006,539
<b>Restated share capital</b>	<b>859,471,059</b>	<b>859,471,059</b>

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 18. 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 the classification in this category to the date when they were derecognised.

The reserves from the revaluation of financial assets at fair value through other comprehensive income are recorded net of the related deferred tax. The amount of the deferred tax recognised directly through the decrease in equity is shown in Note 16.

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

During the financial year ended 31 December 2021, as a result of the application of accounting policies according to IFRS 9, detailed in Note 3(e)(vii), the Company recognised the net gain from the disposal of the financial assets in the retained earnings. The surplus obtained by the Company as a result of the disposal of the financial assets at fair value through other comprehensive income was in the amount of RON 23,359,730. Moreover, as a result of the disposal of the financial assets at fair value through profit or loss, the positive value of RON 7,362,737 was transferred from retained earnings to retained earnings representing the realised surplus.

As of 31 December 2021, retained earnings resulting from the adoption of IFRS 9 and IFRS 10 on financial assets held by the Company are in the amount of RON 301,823,570, amount which is restricted from distribution.

During the financial year ended 31 December 2020, as a result of the application of accounting policies according to IFRS 9, detailed in Note 3(e)(vii), the Company recognised the net gain from the disposal of the financial assets in the retained earnings. The surplus obtained by the Company as a result of the disposal of the financial assets at fair value through other comprehensive income was in the amount of RON 1,571,980. Moreover, as a result of the disposal of the financial assets at fair value through profit or loss, the amount of RON 116,417 was transferred from retained earnings to retained earnings representing the realised surplus.

As of 31 December 2020, retained earnings arising from the adoption of IFRS 9 and IFRS 10 on financial assets held by the Company are in the amount of RON 332,546,037.

The amounts recognised as reserves from the revaluation of financial assets at fair value through other comprehensive income will not be reclassified as profit or loss on the derecognition of these instruments.

### (c) Legal reserves

According to legal requirements, the Company sets up legal reserves in the amount of 5% of the recorded gross profit up to the level of 20% of the share capital according to the Instrument of Incorporation. The amount of the legal reserve as at 31 December 2021 and 31 December 2020 is RON 15,692,904.

Legal reserves may not be distributed to shareholders. The amount of the legal reserves was included in the statement of the financial position, on the row of the "Retained earnings".



# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## **18. Capital and reserves (continued)**

### **(d) Dividends**

During the financial year ended 31 December 2021, the Company did not distribute any dividends.

During the financial year ended 31 December 2021, the Company wrote off dividends in the amount of RON 14,337,521 related to the profit of 2016, according to the Decision no. 7 of the Shareholders' General Meeting of 28 April 2021.

### **(e) Own shares**

The Decision of the Shareholders' Extraordinary General Meeting no. 3 of 23 April 2020 approved the implementation of a programme of redemption by the Company of its own shares for a number of 20,645,201 shares. The document of Public Offer to purchase Shares issued by SIF MUNTENIA S.A., initiated by SIF MUNTENIA S.A. was approved by the Financial Supervisory Authority by way of the Decision no. 1047/25.08.2021.

On 1 September 2021, the Company manager informed investors about the fact that, on 31 August 2021, it was notified by a Company shareholder that the latter had submitted an offer competing against the public offer to purchase shares initiated by SIF Muntenia S.A. to the Financial Supervisory Authority on 30 August 2021, also stating that, in accordance with the submitted offer, it wanted to purchase 55 million SIF Muntenia S.A. shares.

On 28 September 2021, by way of the Decision no. 1225/28.09.2021, the Financial Supervisory Authority revoked the Decision no. 1047/25.08.2021 approving the document of public offer to purchase shares issued by the Company, given that the price in the Company shareholder's offer was higher than the one offered by the Company.

On 15 October 2021, the Decision of the Shareholders' Extraordinary General Meeting no. 3 of 15 October 2021 revoked the Decision of the Shareholders' Extraordinary General Meeting no. 3 of 23.04.2020 regarding the implementation by SIF Muntenia SA of a Programme for the redemption of its own shares.

The Decision of the Shareholders' General Meeting no. 3 of 22 April 2019 approved the implementation of a Programme for the redemption of its own shares in order to reduce the share capital for a maximum number of 37,036,515 shares.

Within the programme carried out between 4 September 2019 and 17 September 2019, 22,391,314 shares were redeemed at a price of RON 0.72/share. The total redemption amount, including the fees related to the redemption of the shares, is RON 16,345,504.

### **(f) Loss hedging**

On 28 April 2021, by way of the Decision no. 4, the Shareholders' General Meeting approved the hedging of the accounting loss of RON 25,856,302 for the period ended 31 December 2020 using reserves distributed from the net profit set up in the 1992-2019 period.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 18. Capital and reserves (continued)

### (g) Profit appropriation

The Company's Administrator submits to the General Meeting of Shareholders the distribution of the net profit realized in 2021:

<i>In RON</i>	<b>31 December 2021</b>
<b>Net profit to be distributed:</b>	<b>266,187,637</b>
- Other reserves	266,187,637

## 19. Earnings per share

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

<i>In RON</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
(Net loss)/Net profit	266,187,637	(25,856,302)
Weighted average number of ordinary shares	784,645,201	784,645,201
<b>Basic earnings per share</b>	<b>0.339</b>	<b>(0.033)</b>

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

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 20. Financial assets and liabilities

### Accounting classifications and fair values

The table below summarises the book values and fair values of the Company financial assets and liabilities as at 31 December 2021:

<i>In RON</i>	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Total book value</b>	<b>Fair value</b>
Financial assets at fair value through profit or loss	1,022,991,600	-	-	<b>1,022,991,600</b>	<b>1,022,991,600</b>
Financial assets at fair value through other comprehensive income	-	941,366,194	-	<b>941,366,194</b>	<b>941,366,194</b>
Financial assets measured at amortised cost	-	-	5,964,525	<b>5,964,525</b>	<b>6,288,688</b>
Other financial assets	-	-	59	<b>59</b>	<b>59</b>
<b>Total financial assets</b>	<b>1,022,991,600</b>	<b>941,366,194</b>	<b>5,964,584</b>	<b>1,970,322,378</b>	<b>1,970,646,541</b>
Dividends payable	-	-	(13,293,319)	<b>(13,293,319)</b>	<b>(13,293,319)</b>
Other financial liabilities	-	-	(27,438,405)	<b>(27,438,405)</b>	<b>(27,438,405)</b>
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(40,731,724)</b>	<b>(40,731,724)</b>	<b>(40,731,724)</b>

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

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 20. Financial assets and liabilities (continued)

The table below summarises the book values and fair values of the Company financial assets and liabilities as at 31 December 2020:

<i>In RON</i>	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total book value	Fair value
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 comprehensive income	-	782,464,281	-	782,464,281	782,464,281
Financial assets measured at amortised cost	-	-	5,884,909	5,884,909	6,557,460
Other financial assets	-	-	4,634,418	4,634,418	4,634,418
<b>Total financial assets</b>	<b>760,465,458</b>	<b>782,464,281</b>	<b>10,519,327</b>	<b>1,553,449,066</b>	<b>1,554,121,617</b>
Dividends payable	-	-	(27,672,577)	(27,672,577)	(27,672,577)
Other financial liabilities	-	-	(5,646,112)	(5,646,112)	(5,646,112)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(33,318,689)</b>	<b>(33,318,689)</b>	<b>(33,318,689)</b>

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

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 21. Commitments and contingent liabilities

### a) Legal proceedings

The Company is the subject of a number of legal proceedings resulting during the normal course of business. The Company management believes, based on consultations with its lawyers, that these proceedings 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 liabilities as at 31 December 2021 and 31 December 2020 for any expected costs, including legal and consulting fees, site studies, the design and implementation of remedy plans with regard to environmental elements. The Company management does not believe the expenses associated with possible environmental problems to be significant.

### (c) Transfer pricing

Romanian tax laws had included rules on related party transfer pricing since 2000. The current legislative framework defines the arm's length principle for related party transactions, as well as the transfer pricing methods. As such, tax authorities are expected to initiate thorough transfer pricing checks to ensure that the tax result is not distorted by the effect of prices in related party dealings. In the financial year ended 31 December 2021, the Company did not exceed the value level of related party transactions, laid down by the legal regulations in force, for the preparation of the transfer pricing documentation file for 2021.

## 22. Related party transactions and balances

During its activity, the Company identified the following parties engaged in special relations:

### (i) The Company management

The Company operates on the basis of a management contract entered into with Societatea de Administrare a Investițiilor Muntenia Invest S.A. The majority shareholder of Societatea de Administrare a Investițiilor Muntenia Invest S.A. is SIF Banat-Crișana S.A. which held 99.98% of the share capital as at 31 December 2021.

The Company has not identified an ultimate controlling parent company.

The transactions between the Company and the manager were as follows:

In RON

<i>Accounts receivable and payable</i>	<b>31 December 2021</b>	<b>31 December 2020</b>
Liabilities related to the management fee	(26,767,152)	(2,018,063)
<i>Income and expenses</i>	<b>2021</b>	<b>2020</b>
Management fees (i)	(52,895,241)	(19,939,043)

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 22. Related party transactions and balances (continued)

### (i) The Company management (continued)

(i) During the financial year ended 31 December 2021, the management fees in the amount of 52,895,241 included the monthly management fees of RON 28,716,860 and a performance fee in the amount of RON 24,178,381 (31 December 2020: the management fees in the amount of RON 19,939,043 are the monthly management fees), based on the management contract concluded between the parties. The management contract concluded between SIF Muntenia S.A. and Societatea de Administrare a Investițiilor Muntenia Invest S.A. was approved in the SOGM SIF Muntenia S.A. dated 23 April 2020.

The monthly management fee is calculated as a percentage of the total assets certified by the depositary bank for the last working day of the month. The performance fee is due for the fulfilment of the performance criteria and the achievement of the objectives set annually by the Company Shareholders' General Meeting and is calculated as a percentage applied to the difference between the gross profit earned and the gross profit budgeted.

### Transactions with Company staff:

<i>Other transactions</i>	<b>2021</b>	<b>2020</b>
Expenses related to the allowance of the members of the Board of Shareholders' Representatives, of which:	440,472	440,472
- gross allowances paid to the members	430,776	430,776
- social security and social protection expenses	9,696	9,696
- number of members	3	3
Salaries, of which:	7,051	26,544
- gross salaries paid or payable	6,895	25,515
- social security and social protection expenses	156	1,029
- number of employees	1	1

The Company appears to have one actual employee and three members within the Board of Shareholders' Representatives as at 31 December 2021. The members of the Board of Shareholders' Representatives were elected within the SIF Muntenia Shareholders' Ordinary General Meeting of 25 June 2018.

# Notes to the Financial Statements

for the financial year ended 31 December 2021

## 22. Related party transactions and balances (continued)

### (ii) Subsidiaries (companies within which SIF Muntenia has control)

All Company subsidiaries as at 31 December 2021 and 31 December 2020 are based in Romania. For them, the Company shareholding percentage is not different from the percentage of the number of votes held. The fair value of subsidiary shareholdings and the shareholding percentage are shown in the table below:

Name of the subsidiary	Fair value as at 31 December 2021	Fair value as at 31 December 2020	Shareholding percentage as at 31 December 2021	Shareholding percentage as at 31 December 2020
Avicola București S.A.	18,860,597	18,544,055	99.40%	99.40%
Biofarm S.A.	423,864,923	217,523,006	51.58%	51.58%
Bucur S.A.	27,153,383	24,099,389	67.98%	67.98%
Casa de Bucovina - Club de Munte S.A.	11,015,227	8,992,022	69.25%	69.25%
CI-CO S.A.	42,356,658	45,330,424	97.34%	97.34%
Firos S.A.	37,224,058	37,353,668	99.69%	99.69%
FRGC IFN S.A.	8,170,467	9,660,624	54.59%	54.59%
Gecsatherm S.A.	-	7,019,434	-	50.00%
Germina Agribusiness S.A.	42,875,861	23,275,467	90.68%	90.68%
ICPE S.A.	22,120,897	22,219,006	50.32%	50.32%
Mindo S.A.	3,705,102	3,161,601	98.02%	98.02%
Muntenia Medical Competences S.A.	33,666,183	30,292,301	99.76%	99.76%
Semrom Oltenia S.A.	14,325,815	12,007,541	88.49%	88.49%
Unisem S.A.	12,140,306	10,562,066	76.91%	76.91%
Voluthema Property Developer S.A.	25,088,939	24,487,732	99.97%	99.97%
<b>Total</b>	<b>722,568,416</b>	<b>494,528,336</b>	<b>-</b>	<b>-</b>

### (iii) Company associates

As at 31 December 2021 and 31 December 2020, the Company has no shareholdings within associates.

### (iv) Transactions and balances with Company subsidiaries

The transactions concluded by the Company with parties engaged in special relations were carried out during the normal course of the activity. The Company has neither received, nor granted any guarantees in favour of any party engaged in special relations.

<i>Sales and acquisitions</i>	<b>2021</b>	<b>2020</b>
Sales/(Purchases) of goods and services	11,947,751	(52,175)

During the period ended 31 December 2021, the Company sold to the Voluthema Property Developer S.A. subsidiary the stake held within ITC Institutul pentru Tehnica de Calcul S.A., the value of the transaction being RON 2,700,751, and the stake held within Arcom S.A., the value of the transaction being RON 9,247,000.

# Notes to the Financial Statements

*for the financial year ended 31 December 2021*

## 23. Events subsequent to the reporting period

On March 9th, 2022, the Bucharest Tribunal ruled in the case no. 18956/3/2021 which had as object the action for annulment of the Decision no. 10 within the OGAS of SIF Muntenia S.A. dated 28.04.2021, in which the applicants were Behboud Madadi, Alexandru Ionel Secară, Florian Munteanu and Andrei Viorel Orlando and in which SIF Muntenia S.A. had the capacity of defendant. The Bucharest Court rejected the plaintiffs' action, as being formulated by persons without active procedural capacity and obliged the plaintiffs jointly and severally to pay the amount of 7,148.29 lei as court costs. The decision of the Bucharest Tribunal can be appealed.

On February 21st, 2022, the Russian Federation officially recognized two separatist regions in eastern Ukraine and authorized the use of military force in those territories. On February 24, 2022, Russian troops invaded Ukraine and began military operations in several locations. These ongoing operations have led to casualties, significant relocation of the population, deterioration of infrastructure and disruption of economic activity in Ukraine. In response, several jurisdictions, including the EU, the United Kingdom, Switzerland, the United States, Canada, Japan, and Australia, have announced initial tranches of economic sanctions for Russia (and in some cases Belarus).

The wider global economic impact of the conflict could include: significant disruptions to entities operating in Ukraine, Russia and Belarus, liquidity challenges, significant increases in commodity prices, including crude oil and natural gas; of metals, including nickel, iron ore, aluminum and palladium; of mineral products, such as potassium, and agricultural crops, especially wheat (Russia and Ukraine together producing about 30% of the global wheat supply); increasing global economic uncertainty and suspending the trading of Russian securities, rising borrowing costs and risk premiums, rising inflation and rising interest rates; and disruptions to economic activity caused by cyber-attacks on Russia, as well as on jurisdictions that have imposed sanctions or are providing assistance to Ukraine or Russia / Belarus.

However, as events are constantly changing from day to day, at the date of authorization by the Board of Directors to issue these financial statements, the Director cannot reliably estimate the impact for at least 12 months from the date of the financial statements prepared for December 31st, 2021, but considering the structure of the Company's debts and assets, the Director considers that the mentioned events cannot affect the continuity of the Company's activity.

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

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